The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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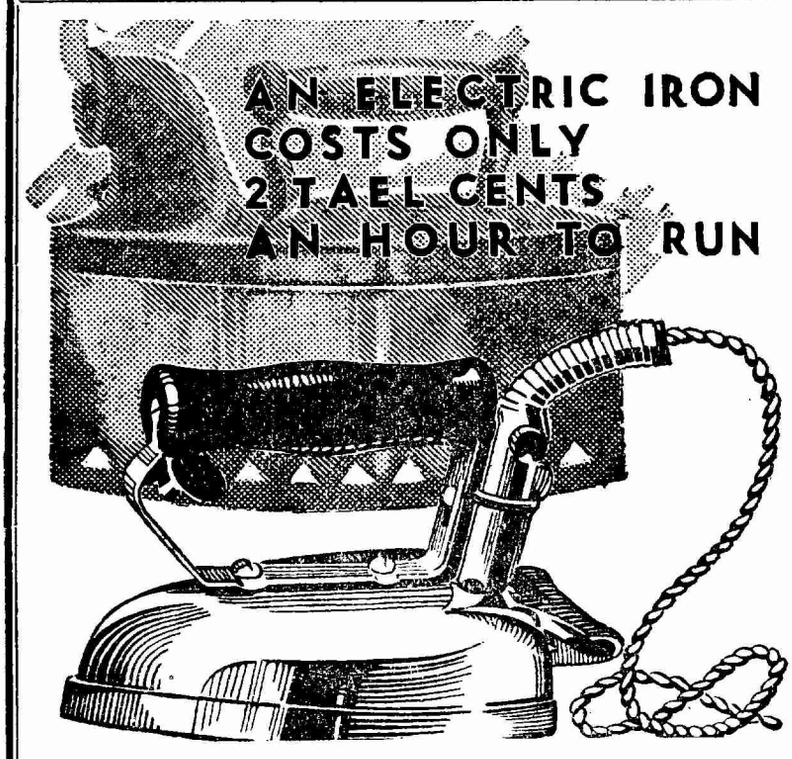

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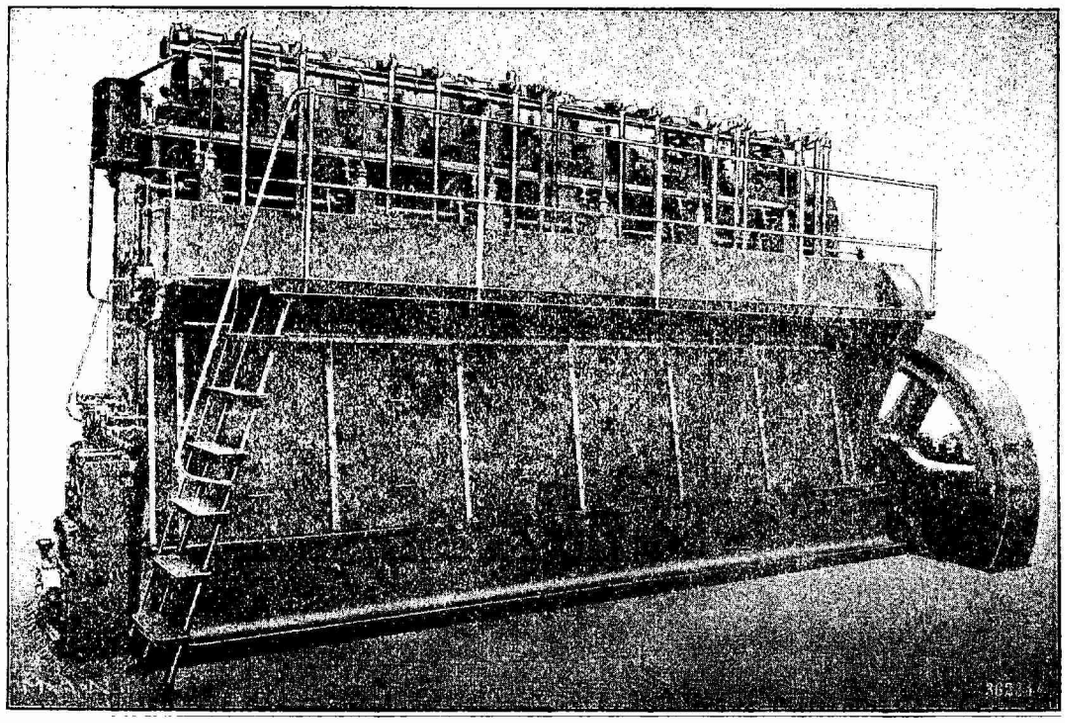

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CONTRIBUTING EDITORS

C. Y. W. MENG — DANIEL J. LEE
S. C. YANG (Harbin) — CHANG YA-CHUEN
MARK M. LU (Honan) — FLORENCE WONG (London)

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

THE SKELETON IN JAPAN'S POLITICAL CLOSET

DESPITE the expenditure of vast sums abroad in propaganada effort to convince a more and more skeptical world that Japan is a modern nation with the instincts of modernism, something always happens to counteract the propaganda. The latest happening was the assassination of Premier Tsuyoshi Inukai, the third premier to meet a violent death in recent years, the others being Hamaguchi and Hara. Since the beginning of the present Sino-Japanese complications two other high officials of the Imperial Japanese Empire have met a similar violent end, Finance Minister Inouye and Baron Dan, head of Mitsui and Company, a semi-official concern. A further high official, Mr. Saburi, late Minister to China, also died under suspicious circumstances. All of these high Japanese officials met their deaths at the hands of Japanese assassins. Then there is another and equally imposing list of Japanese officials who have been killed or seriously wounded by Korean revolutionists, the greatest carnage in this connection occurring in Shanghai at the celebration of the birthday of the Japanese Emperor on April 29. Finally there have been the all too frequent attempted assassinations of the Emperor himself.

These are the things the Japanese propagandists cannot cover up despite the expenditure of vast sums over the world in the subsidizing of writers and lectures and newspapers and the leasing of radio broadcasting stations. These murders and acts of violence instigated by secret political societies or openly by army and naval officers as was the case in the assassination of Premier Inukai, constitute the skeleton in Japan's political closet. They expose to the world the status of mediaevalism which still prevails in influential quarters in Japan despite the advance which the country has made in many other respects. From the standpoint of modern democratic thought, Japan is practically a half-century behind China and is the only country in this modern world which still teaches its school childhen that the emperor is of divine origin. The Japanese constitution is a unique document in that it provides in Article 1 that the country shall be ruled over forever by the "Emperors of the Dynasty." Article III provides that the person of the emperor is "sacred and inviolable," while Article XVIII says that the emperor "declares war, makes peace and concludes treations." If any session of the Diet

should fail to vote an appropriation bill, the constitution provides that the budget of the preceding year shall carry over. The Diet has no power whatever to interfere with or examine into the expenditures of the Army and Navy departments which are accountable to the Emperor alone. When there is a change in Cabinet in Japan following an election, the civilian Premier has no say whatever regarding the appointees to the Ministries of Army and Navy. The heads of these important cabinet departments are nominated by the Army and Navy general staffs and the Premier must accept the appointments whether he approves of them or not. The men who are nominated to the Cabinet by the Army and Navy are always regular line officers who are subject to military orders rather than the instructions of the Premier or Cabinet. Thus we have the curious situation of a so-called modern nation trying to function in a modern world with a government that is as mediaeval in its conception as anything that existed in Europe in the Middle Ages. Three years ago when the Japanese Government ratified the Kellogg Anti-War Pact considerable trouble was experienced in Japan because of the clause, "in the names of the respective peoples." In Japan there is no such thing as "people" in the modern western democratic conception of the term. There only is an emperor of "divine origin" who is accountable only to God and who controls a vast military and naval establishment with undisputed power to declare war, conclude peace and negotiate treaties. No wonder there is constant trouble in the Far Eastern world and there always will be trouble as long as this situation exists in the Island Empire.

There can be naught but sincere sympathy for the admirably efficient, intelligent, enterprising and hard-working Japanese people who are handicapped by the governmental system under which they are compelled to live. Especially is there sympathy for the civilian officials who are compelled to devote a considerable portion of their time and energy in trying to explain away the acts of those who constitute an "imperium in imperio." Owing to the deliberate and long-continued propagation in the schools of the doctrines of "Shinto" and "Bushido" it has been next to impossible for liberal elements in the Japanese population to effect needed political reforms; hence the constant resort to political assassination. The mildest suggestion to change the existing system is met by the charge of "dangerous thoughts," and the unfortunate victim goes to jail for an indefinite period. Today the jails of the country are crowded with hundreds of promising young men who have been condemned to long periods of servitude because of "dangerous thoughts." The men who were responsible for the creation of the governmental system in Japan knew exactly what they wanted and one must give them credit for foresight in looking after their own interests. Actually the entire Japanese Empire is owned by two or three powerful families which perpetuate themselves by a system of adoption. Japanese interests in Manchuria are owned almost entirely by two of these powerful family groups, the Mitsuis and Mitsubishis and it was their decreasing dividends in the face of Chinese competition that was responsible for the military coup d'etat in Mukden last September. At Shanghai, Japanese interests including cotton mills, shipping and banking are largely controlled by the same interests, hence the explanation of the military and naval intervention here when Japanese profits were cut down because of the boycott resulting from Chinese indignation over the Manchurian business.

In view of this situation one is led to wonder what is likely to happen in Japan. There is widespread violent discontent among the peasant farmers, most of whom are tenants on vast landed estates owned by the feudal barons. The colleges and universities are seething with rebellion due to the seeping in of modern ideas from the world outside. The development of modern democratic political parties is stifled and handicapped by a government espionage system or secret service which is just as terrible as anything that ever existed in Russia under the Czar. As a matter of fact many who have investigated conditions in Japan in recent months have been struck by the similarity of conditions which prevailed in Russia prior to the bolshevist revolution. Whether the Japanese revolution, when it comes, will follow fascist or communist lines cannot be foretold. The military or ruling clique, for motives of self-preservation, are trying to direct the revolution in the direction of a fascist military dictatorship that would consolidate the present rulers in power for a further period. But it remains to be seen whether they can put it over. In the meantime the military-ruling-clique probably will continue spending the hard-earned money of the peasant population in propaganda efforts over the world trying to convince skeptical people that all goes well in the land of the Rising Sun!

ASSASSINATION OF THE PREMIER OF JAPAN

A PERFECTLY astounding crime was committed at Tokyo by a group of army and navy officials and cadets who invaded the official residence of the Premier, Mr. Tsuyoshi Inukai, at 5.20 p.m. on Sunday, May 15. One of the group, all of them being apparently armed with pistols, immediately on entering the room, grasped the Premier, swung him around so that he would face others of the party, who fired two shots point blank, one striking the premier on the left side of the head near the temple and the other piercing his nose. The shots proved fatal, Premier Inukai expiring shortly after midnight at the Imperial University hospital, to which he had been removed. The assassination was apparently a part of a well-arranged plot, for a number of other outrages occurred at practically the same time. Half an hour before the death of the Premier, Goro Tanaka, a policeman stationed at the Premier's residence when the attack occurred, died from a bullet wound in the chest.

Other events which occurred at about the same time included the following:

Throwing of two hand grenades by an unidentified preson into the home of Count N. Makino, Keeper of the Privy Seal, one exploded; firing of a shot into central headquarters of the Metropolitan Police Board near the Sakuradamon, outside the Imperial Palace moat, wounding a policeman and a newspaper man; bombing of headquarters of the Mitsubishi, one of the biggest Japanese financial enterprises; throwing of two

bombs into headquarters of the Seiyukai, or Government party; several bombs thrown into the Tokyo municipal electric plant at Hatatoga, which is in Saitama Prefecture, adjacent to Tokyo; a hand grenade hurled into the head offices of the Bank of Japan, in Nihonbashi, Tokyo, by men in yellow military uniforms.

The late Premier Inukai was born in Okayama Prefecture in April, 1855. He entered the Keio Gijuku, new known as Keio University, Tokyo, in 1877. After graduation from that institution, the late Mr. Inukai was employed by the *Hochi* one of the biggest newspapers in Tokyo. Eight years later he was employed by the *Choya*, another Japanese newspaper.

Mr. Inukai reentered the *Hochi* in 1889 together with Mr. Yukio Ozaki, former Minister of Education and Justice, and in the following year was elected to be an M. P. In 1898 he was made Minister of Education in the Kenseito Government and was appointed to be the Minister of Communications twice in the Governments of Premier Yamamoto and Premier Kato. In December, 1931, Mr. Inukai was made the Premier of the present Seiyukai Government upon the fall of the Minseito's Cabinet of Baron Reijiro Wakatsuki. Mr. Kenkichi Yoshizawa, the Minister of Foreign Affairs, is the son-in-law of the late Premier.

The Japanese censorship has never been more firmly applied than at present. The news of the shooting of the Premier together with the various bombing incidents that occurred at the same time had been received on the afternoon of the same day by the Shanghai office of two Japanese news agencies within a short time of the event, but later instructions from Tokyo prevented them from making the news public until about noon the following day. Not even the attempt on the life of the Mikado several months back has had a more electrical effect on the nation than has this present series of outrages. As was to be expected the Japanese Cabinet resigned en bloc, but this was little more than a gesture as, when the Emperor asked them to continue at their posts, they did so.

Reports from Tokyo reveal that the assassination of the Premier was but one of a series of murders which had been planned including the renowned Elder Statesman, Prince Saionji, Prince Tokugawa, Baron Wakatsuki, the former Premier, and Baron Shidehara, Foreign Minister in the Wakatsuki Cabinet. An attempt was made to murder General Araki, the War Minister, who escaped due to the fact that at the time when the assailants went up to his residence, he was attending a Cabinet meeting. Shortly prior to the assassination a man dressed in an officer's uniform shot and seriously injured a man by the name of Nishida, a reservist subaltern. Nishida had recently been placed in custody in connection with the "blood brotherhood conspiracy" revealed after the assassination on March 5 of Baron Takuma Dan, a director of the patrician firm of Mitsui and one of the leading figures in the industrial world of Japan. However, advices from Japan indicate that so far the country has refused to be moved by the so-called patriotic actions of the "Blood Brotherhood" and strong denunciations of its acts have been expressed by the leading Japanese publicists. The posthumous honor of the Grand Cordon of the Rising Sun with the Palownia Flower was bestowed on the Late Premier, whose funeral took place May 19.

A communique issued by the Japanese Consulate-General at Shanghai May 16 stated that "conditions in Japan did not present any unusual aspect," subsequently admitting, however, that 500 soldiers "as auxiliary gendarmes" were assisting police "to guard the chief public buildings and residences of important officials." *Rengo* said the Minseito Party, which is the opposition to Inukai's party, did not intend to capitalize the incident politically since it was recognized that that the Fascist movement (to which the assassination and bombing outrages are ascribed) is "a common enemy to political parties." Therefore the Minseito is said to have decided to support the present government in opposition to the movement.

Premier Inukai was among a party of Japanese notables, which included Railway Minister Tokonami, Naval Minister Osumi, War Minister Araki, Agricultural Minister Yamamoto and Colonial Minister Hata, who were entertained at a dinner by the Japanese Emperor on the night of May 13 at the Imperial Palace. Premier Inukai, after the dinner, gave a character-sketch of the late Dr. Sun Yat-sen and his great achievements.

Premier Tsuyoshi Inukai is one of a long line of Japanese politicians to die by assassination in recent years. Two previous premiers of Japan, Hamaguchi and Hara, have been assassinated in the past few years. Saburi, the Japanese minister to China, was assassinated about two years ago. On February 9 last, while the Sino-Japanese battle at Shanghai was in progress, Minister of Finance Inouye, of Baron Wakatsuki's cabinet, was assassinated. Shortly thereafter Baron Dan, one of the most eminent politico-capitalists of Japan, was assassinated. All of these assassinations were the work of Japanese.

In commenting on the assassination of Premier Inukai, the official Nanking organ, *Central Daily News* in an editorial May 16 expressed grave apprehension as to the future development of Sino-Japanese relations. This Chinese paper first drew attention to the growth of general unrest in Japan in recent years, as evidenced first by the assassination in November, 1930, of PremierHamaguchi, the recent attack on the Japanese financial leaders, Mr. Inouye and Baron Takuma Dan, and finally culminating in the assassination of Premier Inukai. That political movements are behind such unrest is apparent, according to the paper, and the consequences of this most recent tragedy will indeed be well worth the consideration of not only Japan but of China and the whole world. The *News* condemned the political rivalry which resorts to assassination, and called attention to the many cases of assassination in Japan during the past 20 years. The gravest possibilities are expected to arise from Premier Inukai's assassination. "We are compelled to believe that the assassination of Premier Inukai," says the paper, "has the closest relation with the peace of the Far East, and China will be far from benefitted by this latest political tragedy in Japan. In fact, the gravest dangers await China's future, which fact must receive the most careful consideration by the Chinese people."

In conclusion, the *Central Daily News*, pointed out that the Hongkew Park bombing outrage and the attack on President Doumer in Paris indicated that the political life of the world at present remains of the darkest, and it is the "duty of the people all over the world to devise a radical change both in the philosophy and the form of present-day politics."

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When one looks for motives for these outrages one is perplexed. To have army and naval officers engage in assassination—at least openly—is a very sharp break from Japanese traditions. That there has been sharp difference of opinion between the military and civil branches of the government for the past year or so has been known to the world all the while, but it is unthinkable that the responsible heads of the military or naval branches of the government would countenance a campaign of assassination. It is probable therefore that the assailants of Premier Inukai and the other members of the conspiracy have been acting on their own intiative, a presumption that is strengthened by the fact that they gave themselves up—five being naval officers and 11 military cadets—immediately that they had accomplished their object. The Premier himself had in past months been one of the strongest protagonists of a "positive" policy by Japan. As Premier he had frequent conferences with the Emperor, in whose name many of the most important decisions of Japanese policy, including the withdrawal of the Japanese forces from Shanghai, have been issued. It has undoubtedly been a bitter pill for the Japanese army and navy that the order to withdraw from Shanghai was given, and it is quite possible that some of the hotheads among them jumped to the conclusion, as well they might, that the "Old Fox" had been betraying them and that it was really he that had influenced the Emperor in coming to the decision to withdraw from Shanghai, and not the Emperor that had issued the order of his own volition. It is to be remembered also that the "lid" is on in Japan very strongly against public discussion of matters of vital concern. "Dangerous thoughts" are rigorously suppressed and as has been the case in ages past throughout history where discussion of pending ills or imagined wrongs is forbidden recourse is eventually had by those who feel aggrieved, to the pistol, the bomb and the dagger. It will be remembered that a commission in Japan which had been appointed for the purpose of investigating "dangerous thoughts" in the Japanese Empire made a report several weeks ago, among the recommendations being that efforts be made to win the nation's trust in the Parliamentary system, maintain fair play in the political administisistration, take steps to improve the state of living of the masses, that men of means realize the situation and do their share in shouldering the national burden, that strict measures should be taken to check attempts to attain any disquieting object with the strength of the many, and that lectures should be given and pamphlets distributed warning the public against the evils of Communism.

It is still too early to determine whether the assassination of the Premier and the correlated events were repercussions of the attempted military Fascist coup d'etat, details of which were given in *The Review* April 2. At any rate the spirit of violence has entered the soul of Japan with a vengeance, and further developments of a serious nature are to be expected. As mentioned before in these columns the whole system of government in Japan is out of step with the spirit of the times and sooner or later radical changes are bound to come. Whether the recent outrages are the precursors of a movement towards that end remains to be seen, but it is one of the possibilities.

The latest dispatches from Japan indicated that a military dictatorship was imminent and that this would develop into a Fascist regime. The formation of a new cabinet is being delayed owing to the militarists insisting on a "National Cabinet," backing up their attitude with a refusal to appoint a War Minister in any party cabinet. General Araki, the Minister of War in the Inukai cabinet, is coming rapidly to the front and is one of the principal leaders favoring a military dictatorship.

THE MAN WHO ACHIEVED SUCCESS AFTER FIFTY

PROBABLY the most outsanding feature in the careeer of the late Capt. Robert Dollar is that he made his outstanding success as one of the world's largest owners and operators of ships after he was fifty years of age. Although most persons associate him with San Francisco and the Pacific coast, he actually did not arrive on the coast until he was fifty years of age. That was in the year 1893 when he started his first saw-mill and began to produce lumber for the West coast market and later on for the Orient. And while most persons associate Capt. Dollar with the shipping industry, he actually spent many more years of his life in the lumber trade than he has been associated with ships. He bought his first ship, the freighter, "Newsboy" in 1901 and used it as an auxiliary of his lumber business. Prior to 1923 Capt. Dollar's ships were all cargo carriers, but in that year he saw the opportunity that existed in the combined cargo and passenger carrier trade across the Pacific and purchased a fleet of "President" liners from the U. S. Shipping Board. Capt. Dollar was then eighty years of age. In 1924 he embarked on the daring venture of a round-the-world service, and he painted the "$" mark, trade-symbol of the firm on the smoke-stacks of his steamers where all the world might see it. American snobs turned up their noses and Europeans jeered, but Capt. Dollar made his "$" mark stand for something in freight and passenger service. Touring parties of elderly gentlemen and their wives from Middle-western towns on their first sea trip had no difficulty in picking out their ship in the congested harbors where the boats stopped. Also, the regular railway train schedules maintained throughout the service gave confidence to travellers as well as the shippers of goods. When the first Dollar steamer with the "$" mark on the funnel docked in New York they inquired, "Who is this man Dollar?" Well, New York shortly found out what the West coast and the Orient had known for many years that here was an American shipping man who knew how to operate boats. When the World War ended and Americans found

themselves with a lot of ships on their hands, practically everybody went into the shipping business and about ninety-nine percent of them failed —due to ignorance. But Capt. Dollar succeeded because he knew the business and attended to business and in addition had a profitable lumber trade as a foundation. In 1929 he personally signed the orders for the two new Pacific liners, the "Hoover" and "Coolidge," crowning achievements of his career, the largest and most palatial steamers ever constructed in an American shipyard. They cost G.$17,000,000 and two more of similar class are to follow despite the depression.

The name of Capt. Dollar will always be associated with the development of the Pacific commerce of the United States. He early realized the possibilities and when there was no commerce, he created it. When exporters were too timid to make a venture, he bought the cargo himself, transported it to an Oriental port and ordered his office to dispose of it. It is said he introduced American canned milk into the Orient and carried the first cargo of copra from Manila to the United States. His employees in the far outports always had instructions to watch out for new opportunities for creating new business. Captain Dollar's daring activities on the Pacific in the past quarter century compare favorably with those of his predecessors in the glorious days of the American "clippers" which made history in the first half of the last century. Capt. Dollar enjoyed an advantage over his competitors due to his long life and his continuous youth. He was born in Scotland on March 20, 1844 and went to the New World as an immigrant boy, working in lumber camps and on farms, his first wage being $6 a month. He once failed in business and had to work for three years to pay off his debts. A few weeks prior to Capt. Dollar's death which occurred on May 17, he was interviewed on the depression and ventured the opinion that prosperity would return again. "It always has returned and I have been through many of them," he declared.

Capt. Dollar will be greatly missed in Shanghai, the Far Eastern headquarters of his manifold business activities and where he is better known than anywhere else except in San Francisco. For many years he was accustomed to visit Shanghai at least once every year and it always was possible to determine the approximate date of his arrival by observing the activities of the janitors at the Dollar office building. They always started scrubbing the marble and polishing the brasswork about two weeks before he arrived. And when he did arrive, always accompanied by his wife, he went straight from the jetty to the office and once inside the office he went straight to the books to find out how things were progressing. In Shanghai literally everybody of all nationalities knew Capt. Dollar and he was particularly well known and liked by the Chinese businessmen with whom he enjoyed friendly business relations for more than a quarter-century. There was always a delegation of Chinese businessmen on hand to welcome him and before he departed they gave him a dinner. They liked Capt. Dollar because he was always frank with them. He knew personally most of the political and military leaders, particularly the late Dr. Sun Yat-sen. But he also knew Yuan Shih-kai and most of the other generals. Once he was given a dinner by a well-known Chinese general at Hankow and in the course of a speech Capt. Dollar amused the general by declaring that China would be better off if all the militarists were hanged to the nearest electric light pole. Capt. Dollar, like the Rockefellers, never took all his profits out of China. He invested in China and much of his investment was in the form of contributions to Chinese educational work and foreign missionary enterprise.

Capt. Dollar is not only survived by a flourishing business which has its ramifications throughout the world, but by a family which includes three sons, Harold, Stanley and Melville who are amply qualified to carry on the great enterprise which he established. Capt. Dollar's sons never enjoyed any advantages over the other employes of the firm. All started at the bottom and worked to the top along with the other employes and enjoyed no special favors because they were his sons. Finally, Capt. Dollar will be remembered as a businessman who lived up to his principles—some of which are looked upon as rather old-fashioned in this modern age. But they were principles to him and he lived up to them often at the expense of profits. In the first place Capt. Dollar was a staunch prohibitionist and he made his ships dry. If passengers wanted a drink on a Dollar liner they had to take it with them; they couldn't buy it on his boats because the bars served only soda-fountain concoctions. As stated, these principles may be looked upon by the modern day iconoclasts as old-fashioned, but he attributed his success to them and he lived up to them even though it cost him money. The familiar tall slender figure of Captain Dollar with the "Uncle Sam" grey whiskers will be missed in the ports of both sides of the Pacific, but the great business which he developed will carry on. It will continue because it was built up on solid sterling principles of honesty and good morals which the founder believed in and incorporated into his everyday business activities.

SUDDEN WITHDRAWAL OF JAPANESE ARMY FROM SHANGHAI

THE Japanese Government announced May 10 that the entire Shanghai expeditionary force would be withdrawn within one month. Only a small force of bluejackets is to remain on duty here, according to the announcement from Tokyo. This announcement came with dramatic suddenness and naturally speculation has been rife as to the reasons for this precipitate withdrawal. The reason for the decision to withdraw as given from Tokyo by the government's spokesman "is due to the Japanese government's desire to conform with world opinion, and to prove that Japan has no territorial or other ulterior motives in dispatching troops to Shanghai." *The Review* however ventures to suggest that there are two other reasons which impelled the withdrawal, one of them being finance and the other the need for troops in Manchuria. Probably also there is a third reason. All thinking Japanese realize that the Shanghai adventure was a big blunder for Japan, a sentiment which is recorded by K. K. Kawakami, the Washington correspondent of the *Tokyo Hochi*,

in a book just published entitled "Japan Speaks on the Sino-Japanese Crisis." It is not without significance that the book has an introduction by Premier Inuaki, who has since been assassinated by Japanese army officers. The leading Japanese statesmen probably feel that this dramatically sudden withdrawal will serve as a sort of shock absorber from the full force of the blunder. It will be remembered that at the time the first troops were withdrawn several weeks ago the Japanese military authorities stated that some of the troops were being dispatched to Manchuria. The dispatch from Tokyo May 10 announcing the complete withdrawal quotes the Japanese Foreign Office spokesman as saying that the Ninth Division would return to Kanazawa. It is a fair presumption, in view of developments, that from there this Division will also be dispatched to Manchuria in the not distant future. As regards the financial considerations a dispatch from Tokyo May 12 stated that the Finance and Military authorities, following repeated negotiations, had come to an agreement to estimate an expenditure of Yen 150,000,000 for the Manchurian and Shanghai military affairs up to January next year, but this amount was expected to be reduced as the result of the withdrawal of the expeditionary force from Shanghai. The expenditures, in the form of a supplementary budget, are to be submitted to the forthcoming session of the Diet for approval—and there is no certainty that the Diet will approve of the budget, particularly if the amount indicated to be spent is set at too high a figure.

General Yoshinori Shirakawa, Commander of the Japanese Expeditionary Forces in Shanghai, issued an address May 14 to all the military forces under his command who are leaving for home shortly. In the address, General Shirakawa praised the officers and men of the different units for their bravery and excellent records made in the face of various obstacles during their stay here. "Now that we have attained the objective which we have sought, it is a pleasure that I, together with the officers and men under my command, have thus been able to discharge our duties, to in part at least, our Commander-in-Chief, the Emperor, and have fulfilled the expectations of our fellow countrymen," the General observed. In concluding his address, General Shirakawa expressed the hope that the officers and men, who are shortly to re-visit their homeland will not fail should a call again come in the future.

Coincident with the announcement of the withdrawal, Mr. Araki, the Japanese Minister of War, stated that the troops were ready to come back here in case the necessity should arise. Somewhat of a storm was raised in Chinese circles by the statement attributed to the War Office spokesman expressing a hope that the "Chinese will strictly observe the terms of the armistice, and will not permit the Chinese troops to enter the 20 kilometer zone," the spokesman adding that Japan would hold the other Powers, and world opinion, accountable, if the withdrawal of Japanese troops resulted in a fresh menace in Shanghai. The Chinese contention is that nothing was mentioned in the armistice agreement forbidding Chinese troops to enter the 20-kilometre zone, furthermore, the Chinese delegates, on the day the armistice agreement was signed, declared before the full assembly of the delegates that the agreement in no way binds the full freedom of the Chinese Government in the matter of movement or disposition of Chinese troops. This statement was accepted by the Japanese delegates without debate, a Nanking message pointed out, where it was regarded as extremely surprising that such a statement should come from Tokyo as was made by the Japanese Foreign Office spokesman in this connection.

In the meantime articles published in Chinese papers recorded the fact that various Chinese organizations both at Shanghai and elsewhere in China continued to raise objections to the recently signed Sino-Japanese Armistice Agreement, alleging that Section IV of the Agreement violates China's sovereignty and territorial integrity. The United Federation of People's Bodies of Shanghai among others, asked the Nanking authorities to take steps to strike out Section IV of the Agreement. In spite of the statements by officials of the Waichiaopu and others, local Chinese organizations, including the Anti-Japanese and National Salvation Associations, declare that there exists a "secret clause" in the Agreement, and are demanding the publication of an alleged "secret clause." A long telegram from Mr. Wang Ching-wei, President of the Executive Yuan was sent to General Chen Chi-tang, commander-in-chief at Canton categorially denying that secret annexes were attached to the Shanghai armistice agreement.

In this connection it occurs to *The Review* to suggest that if the various Chinese organizations wish a "line" on which to agitate they might start a movement to prevent the balance of the Japanese troops from leaving until the Japanese Government has paid all the damage that the Japanese expeditionary force had done in Shanghai. China is not militarily in a position to enforce such a move, but agitation to that end would evoke sentiments of sympathy throughout the world—much more so than some of the agitation that has been carried on so far.

The Japanese army authorities state that they expect to have all their troops withdrawn from Shanghai and surrounding area by June 1. Day by day various outposts have been turned over to the Chinese by the Japanese military authorities and almost daily transports have been leaving Shanghai carrying Japanese troops either to Japan or Dairen. Kiangwan was handed over over May 19 and Chenju is to be returned to the Chinese on Monday, May 23.

The local Japanese community views the sudden withdrawal of the Japanese troops with considerable misgivings. A deputation of Shanghai Japanese called on the Japanese Consulate-General and Military Headquarters and asked for a postponement of the complete withdrawal of troops, the commencement of a Round-Table Conference, and also requested that steps to be taken to end the anti-Japanese boycott. A later Tokyo message quoted a War Office statesman as stating that arrangements would be made to give adequate protection to the Japanese in Shanghai, a contingent of Marines being left here for that purpose. However, as regards any change in the policy of delaying the withdrawal of troops the indications from Tokyo were that no change in the announced policy would be made.

In the course of an interview given to the Japanese Press May 14, Rear-Admiral Toma Uyematsu, Commander of the naval landing party, stated that the Japanese residents in Shanghai should rest assured that they would be fully protected by the bluejackets in case of any emergency in the future, adding that the complete withdrawal of the Army back to Japan should give no concern whatever to the community.

With reference to current reports to the effect that the withdrawal of the Japanese troops from areas in Shanghai under their military occupation is primarily intended to hasten convocation of the so-called Round Table Conference, a spokesman of the National Government pointed out at Nanking May 14 that there was no understanding whatsoever at the recent Sino-Japanese conference at Shanghai that any round table conference was to be held following withdrawal of the Japanese troops. Moreover, although the Japanese troops in Shanghai are being withdrawn, there has been considerable reinforcement of the Japanese forces in Manchuria. Any Round Table Conference is therefore out of the question, at least for some time to come, the spokesman said. Regarding the proposed conversion of Shanghai into an "International Free City," the spokesman declared this was purely Japanese propaganda intended for the consolation of the foreign "diehards" of Shanghai who had eagerly supported the ill-starred Japanese adventure.

CHINESE TAKE OVER CHAPEI ADMINISTRATION FROM JAPANESE

The Japanese withdrawal from the area in Chapei began shortly after 8 a.m. May 16. Tanks, armored cars, machine gun corps, marines and military police, all units numbering 3,000 men, had left the district south of the railroad within an hour. In all of the streets, Peiping police are now on duty. These police are commanded by Major-General Ralph Lulu, a Hollander well-known in North China. The new police were conveyed in trucks through the French Concession to Chapei by way of the Markham Road Bridge, on the morning of May 16. General Wen Ying-shing, of the Public Safety Bureau, led the police officials to the headquarters of the Japanese Landing Party at Hsiang Ming Road, where a short taking-over ceremony took place, the Military Attaches of the friendly Powers being present to ratify the change of control.

Arrangements for the future civic Government of Chapei are now almost complete. The Public Safety Bureau of the Municipality of Greater Shanghai has sent 100 road cleaners into the Chinese-controlled area. The Bureau of Social Affairs is arranging the re-establishment of the Poor People's Loan Office with a capital of $10,000. In addition, the Public Safety Bureau intends to take a census in the district, take measures to prevent the erection of mud huts and institute a search for arms and ammunition. The Bureau of Public Work intends to remove all barricades and defence works, as well as arrange for the filling of all holes and craters in the earth. The Land Bureau will attend to the registering of title deeds and other matters in Chapei. The Shanghai Telephone Administration is now repairing the lines and apparatus in the district and the offices at Tatung Road. The trunk line to Quinsan is also undergoing repairs Efforts are being made to restore the private lines connecting official organizations. The estimated loss suffered by the telephone company in Chapei is some $200,000. The Bureau of Education is also taking an active part in the rehabilitation work of Chapei. The Bureau officials are inspecting the Chinese controlled zone and ascertaining the full extent of the damage suffered by schools and other educational centres. This inspection is a preliminary step towards the resumption of school studies.

TIDE OF BATTLE SHIFTS FROM DAY TO DAY IN MANCHURIA

THE latest reports from North Manchuria indicated that the Manchoukuo troops, assisted by the Japanese, were continuing to have an arduous time of it, the tide of battle sometimes being in their favor and sometimes against. The intrepid General Ma Chan-shan, Chairman of the Heilungkiang Provincial Government, was reported to have massed 25,000 troops along the Tsitsihar-Keshan Railway, which are steadily heading for Tsitsihar, the provincial capital of Heilungkiang. From his newly-erected airdrome at Hailun he despatched three airplanes to bomb the Heilungkiang provincial capital on the morning of May 10.

A Japanese despatch from Harbin, May 12 stated that a contingent of the Utsunoniya Division which had been transferred from Shanghai, after severe fighting with some 600 anti-Kirin troops on the eastern line of the Chinese Eastern Railway, completely defeated the enemy, occupying the entire district in the vicinity of Wuchimi.

A *Reuter* telegram from Harbin, May 12, recorded the fact that Japanese reinforcements were arriving in that region daily from points south and that fighting was in progress east and north of Harbin. During a fierce fight between Chinese troops and Japanese near Hailan two Russians, the driver and fireman of one of the Japanese armored trains, was wounded. Bandits were reported to have become more active and daring. Four villages on the Sungari within nine miles of Harbin were set on fire and looted by gangs of bandits.

A *Kuo Min* despatch May 12 stated that the Japanese troops who occupied Tungho committed numerous acts of barbarity before they were finally put to flight by General Ma Chan-shan's forces. The Japanese troops pillaged the city, set houses on fire, disarmed the city police, and carried aboard a Japanese gunboat the local magistrate, the chief of the Bureau of Public Safety, and the chairman of the Chamber of Commerce. Women refugees fleeing from the city were bayonetted to death ruthlessly.

A Harbin telegram May 15 stated that as a result of the battle a few miles west of Imienpo, the anti-Manchoukuo forces have been forced to retreat after suffering heavy casualties. Their retreat has enabled the railway service to run as far as Imienpo again, the track having been repaired.

On the evening of the same day Anti-Manchukuo forces destroyed by fire the Huhai railway bridge over the Hulan river, 14 miles from Harbin. A passenger train which left Pogranitchnaya, the town on the Manchuria-Maritime

Province border, on April 24 and which was detained at Hengtaohotze for over three weeks owing to the destruction of the track and bridges near-by arrived in Harbin March 15.

On the evening of May 14 anti-Manchoukuo troops also looted two trains loaded with cereals between Erho and Mutankiang. Owing to the fighting that has been going on in the vicinity of these stations traffic between Hengtaohotze and Pogranitchnaya has been completely disrupted.

The small Japanese garrison at Tungho, on the Sungari, end of last week had been forced to evacuate by an overwhelming force of anti-Manchoukuo troops. Reinforcements were later rushed to their assistance and the town was re-occupied. It was found that the town had been looted and many houses had been destroyed. On the evening of May 15 Sungpu was attacked by a large body of anti-Manchoukuo troops who retreated after the garrison there had been reinforced by troops rushed from Harbin.

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According to recent press dispatches from Harbin friction has occurred between the Manchukuo authorities and the Lytton Commission over the subject of General Ma Chan-shan. The members of the Commission wish to interview General Ma to ascertain his views and take any evidence he may have to offer but the Manchukuo authorities oppose the interview. The messages add that the Manchukuo authorities are threatening to arrest Dr. Wellington Koo, Chinese assessor with the Commission. The Manchukuo authorities allege that he had been carrying on political activities.

A telegram from Harbin, May 12 stated that the efforts of a delegation of Chinese to interview the League Commission of Inquiry proved ineffectual as police were standing guard at the hotel where the Commissioners were staying. Finding every passage into the hotel blocked by the police, the delegation waited outside the entrance till nightfall and was subsequently dispersed by the police, who arrested some of the members of the delegation. *Kuo Min* says the movements of the Commissioners in Harbin are still restricted, even more so than when they were at Shenyang (Mukden) and Changchun, the Japanese seeing to it that only parties favorably disposed toward their puppets are allowed to see the Commission.

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Five hundred Japanese soldiers arrived at Kiumenkow, May 12, the strategic point of Shanhaikwan, from Wanchiatun, six miles east of Shanhaikwan, increasing the number of Japanese troops in that region to 1,500 strong. Defence works have been erected by the Japanese at Wanchiatun station and their vanguards have reached as far as Hunghsiangtse, which is less than two miles from Shanhaikwan. At Shanhaikwan the Japanese have piled up sandbags and installed live electric wires around their barracks. The Japanese aircraft carrier, *Notoro,* has arrived at Chinwangtao from Shanghai. Japanese warships are also concentrating at the port. Twenty Japanese airplanes are stationed at Suichung and these make daily reconnaisances over Kiumenkow and Shanhaikwan. General Ho Chu-kuo has announced that being entrusted with the maintenance of order in Shanhaikwan, he will strive to avoid untoward activities and at the same time accord adequate protection to foreign residents. The garrison forces at Shanhaikwan are well disciplined and will perform their duties faithfully, he stated.

A *Kuo Min* dispatch from Peiping May 12 stated that the grave situation at Shanhaikwan had somewhat relaxed as the Japanese military had ceased to insist on the right of freely "suppressing" the Chinese volunteers. The Japanese, however, demanded that the Chinese authorities should assume responsibility for any Chinese volunteers found within the Kiumenkow pass, the strategic point of Shanhaikwan. General Ho Chu-kuo, Garrison Commander of Shanhaikwan, replied that the Japanese Kwantung Army should be warned to refrain from passing the territory of Suichung so as to avoid misunderstanding.

INTERNATIONAL EXPORT FIRM CLOSES NANKING PLANT

NOTHING better illustrates the effect of the world-wide business depression, which has had its inevitable reflex in China, than the troubles which beset the International Export Company, which was organized in China before the period of the Great War with branches in many parts of China, including Harbin, to export Chinese pork, fowls, eggs and other products to Europe, particularly to England. When the International Export Co. first introduced these Chinese products to England and other countries, there was a great outcry against them, particularly against the pork, but the agitation of the British farmers was in the end defeated and the Chinese pig won out. Frozen pheasants and eggs were also exported in large quantities. The International Export Co. operated its own ships and due to the fact that it at times accepted cargo from private parties its operations became a matter of considerable concern to the shipping pool that fixes the rates between here and Europe. The latest move of this Company indicating how hard its business has been hit is a decision to close down the plant at Nanking. Only a few caretakers will be left at the plant to prevent it from deteriorating. The branches at Tientsin and Hankow are for the present being continued, but on a very much reduced scale.

Germany's Trade With the Soviet Union

Statistics published in Moscow show that in 1931 the U.S.S.R. was the fourth largest buyer of German raw materials as against the seventh in 1929. As an importer of the finished products of German industry the U.S.S.R. occupied third place in 1931 as compared with thirteenth place in 1929. Great Britian and Holland have retained the first and second places. While German exports to the United States have declined 50 per cent those to the U.S.S.R. have increased by 144 per cent. During 1931 the U.S.S.R. was the only country which increased its purchases of German goods. In the purchase of German machines and iron products the U.S.S.R. occupied first place in 1931. During that year Soviet purchases equalled those of England, France, Italy and Holland put together. On the other hand, Germany's total exports to the U.S.S.R. in 1931 were greater than the combined exports to England and France.

Spending Vast Sums to Influence World Opinion

SINCE Far Eastern international politics more or less center at Shanghai it is but natural that reports should drift into this city regarding propaganda efforts in various parts of the world which have been undertaken with the object of influencing governmental policies in respect to China. John Hay, author of the Open Door Doctrine, once declared that whoever understood China had the key to the world's politics for the next generation. At no time has this remark of the former American secretary of state been truer than at the present for China literally has occupied the center of world's attention, particularly since the beginning of the Japanese military adventure in Manchuria last September. The success of the Geneva Disarmament Conference upon which depends world economic recovery undoubtedly hinges on a solution of the so-called China problem. Obviously there can be no solution of the deadlock over reduction of armament which has existed between America, Britain and Japan, the three leading naval Powers, until something has been done to stabilize conditions in China.

Sometime ago when Secretary of State Stimson went to Geneva it was announced in the course of a report from Berlin that Mr. Stimson's real object was to bring about the adherence of Britain, France, Italy, Germany and the other Powers to Mr. Stimson's recently enunciated policy that no recognition be given to Japan's illegal occupation of territory in Manchuria. Mr. Stimson's policy was announced in the course of an exchange of letters with Senator Borah wherein it was declared that Japan's military activities in Manchuria and at Shanghai were in violation of both the Washington Nine-Power Treaty and the Kellogg Anti-War Pact. Mr. Stimson also declared that the decision of the United States not to fortify certain naval bases in the western Pacific had been contingent on the faithful carrying out of the Nine-Power Treaty that guaranteed the sovereignty, independence and the territorial and administrative integrity of China.

That Japan in undertaking the military conquest of Manchuria and the setting up of a poorly camouflaged puppet state in China's three northeastern provinces, has violated the Nine-Power Treaty is obvious. And since the Nine-Power Treaty was a part and parcel of the Arms Limitation agreements which were signed at Washington in 1921-1922, it simply means that the Japanese General Staff at Tokyo has deliberately set about the undermining of all international commitments upon which the relations of the various nations in the Far East have been based for a generation. The Japanese action has even been more far reaching for it has constituted a repudiation of the whole Open Door Doctrine which has governed the relations of the various nations since 1900. In other words when the Japanese General Staff gave General Honjo blanket orders to mobilize his forces in Mukden last September, it meant that the Japanese military clique had decided to disregard all treaties to which Japanese delegates had affixed their signatures and by force of arms establish Japanese military and political domination over a large section of the Asiatic continent. It was said at the time the Japanese war-lords had three major objectives: First, the establishment of Japanese control of Manchuria as a preliminary to outright annexation; second, to prevent the Japanese civilian government from reducing military expenditures; and third, to prevent the Japanese civilian government from agreeing to further limitation of Japanese military and naval armament at the Geneva conference.

The Japanese General Staff was therefore playing for big stakes—world stakes—hence the methods used accorded with the major objective. On the score of outright military expenditures, recent reports in the Japanese newspapers have indicated that Japan's extraordinary outlay on account of the Manchuria and Shanghai adventures far exceeds 350,000,000 yen. But this enormous sum was not all used for the purchase of munitions, transport and supplies for troops. Much of it has gone into other auxiliary expenditures which the Tokyo war-lords considered necessary in the accomplishment of their major objectives—the scrapping of the Far Eastern treaties and the establishment of Japanese military and political dominance of the Asiatic continent.

This brings us to the matter of Japanese expenditure for propaganda purposes, the Japanese object being to offset anti-Japanese sentiment throughout the world which has been occasioned by the arbitrary activities of the Japanese war-lords. Since the expenditure of Japanese money for this purpose has been secret there is no way of finding out how much has been spent, but that the sum has been large goes without saying for it has involved the wholesale subsidizing of newspapers, radio stations, writers and lecturers, not to mention the publication and broadcasting of millions of books and pamphlets giving the Japanese point of view. Only occasionally has the public been enlightened on this phase of Japanese "aggression;" once during the recent debate in the Diet when a member of one of the proletarian parties inquired about the expenditure of a certain military "secret" fund amounting to 6,500,000 yen. Also, it was alleged that the special extraordinary budget of the Japanese Foreign Office, amounting to 22,000,000 yen, included large sums for propaganda in various parts of the world.

It is not intended here to suggest that the use of money for propaganda purposes is not as legitimate as the expenditures on the Imperial Army for munitions and food supplies. Actually the expenditure of the entire sum of 350,000,000 yen might be termed "illegitimate" because it has involved the waging of an illegal war on a peaceful neighboring nation resulting in the slaughter of thousands of innocent men, women and children and the destruction of their properties. The publication and distributions of books and pamphlets which are mailed out in the names of Japanese individuals and organizations giving the Japanese point of view is undoubtedly legitimate. Likewise the distribution of news reports by Japanese agencies, newspapers and magazines owned and edited by Japanese, is strictly legiti-

mate for the reader knows immediately the source of the message, and can accept it or reject it as he desires.

But that there has been considerable expenditure of Japanese money for "illegitimate" propaganda purposes goes without saying. On two occasions during the course of the recent Sino-Japanese military activities reports were circulated in Shanghai alleging that the Japanese military authorities or their agents had paid over considerable sums of money to certain Shanghai publications, two daily newspapers being listed as receiving 5,000 yen monthly while another journal, a magazine allegedly received much larger sums for distributing special editions over the world giving the arguments of the Japanese military party. Also, it was reported that several correspondents representing newspapers in America and Europe had reported to their respective consulates that they had been approached by Japanese agents and offered considerable sums of money if they would agree to send "favorable" dispatches to their newspapers regarding Japanese military activities at Shanghai. To the credit of the weak and struggling Chinese press, it should be stated that there never has been a single report since the beginning of the present Sino-Japanese complications, alleging the receipt of bribes by any Chinese newspaper or newspaperman. With one accord the Chinese newspapermen from one end of the country to the other have stood loyally with their fellow country men in opposition to Japanese aggression, the stand in many instances resulting in heavy losses for the Chinese newspapers due to their action in throwing out all Japanese advertising which previously had appeared in their columns.

As stated in the introductory paragraph of this discussion, reports are constantly coming to Shanghai regarding Japanese propaganda efforts in various parts of the world designed to influence world opinion on questions pertaining to China. In this regard there was one report of the use of large sums in the wholesale subsidizing of newspapers in France, this report largely being responsible for allegations of a secret Franco-Japanese understanding on China questions. It was claimed that the French Government in return for Japanese support on the armament question at Geneva, had agreed to support the Japanese in the Far East on various questions pertaining to China, including the retention of concessions at Shanghai, Hankow and Tientsin and the exterritorial issue as well as the Japanese and French land-leases at Dairen and Kwanchow-wan. Also, there was the report that the Japanese Government, after many years of negotiations had finally succeeded in inducing the French Government to agree to a reciprocal tariff arrangement in French Indo-China and finally there was the report on May 12 which was circulated from Paris by the German *Trans-Ocean* service to the effect that Mr. Martini, director of the Franco-Japanese Bank had left Tokyo for Paris with the object of obtaining a large French loan for Japan to be used in meeting heavy foreign obligations maturing in July. In regard to the French Indo-China tariff arrangement, the official Japanese *Rengo* service stated in a report which was circulated from Tokyo on May 14, that the agreement had been signed on the preceding day in Paris. An article bearing on the general subject of Franco-Japanese cooperation in respect to China, which was reprinted from the Geramn paper *Weltbune* (Berlin) appeared in *The Review* on May 14 (Page 364).

With regard to Japanese propaganda in America and Great Britain, the following significant paragraphs are reprinted from a recent editorial entitled, "Buying Public Opinion," which appeared in *The China Press* of Shanghai:

> "A dispatch from New York in yesterday's issue of *The China Press* told of lavish expenditure of money by Japanese interests in an effort to change the present attitude of suspicion and hostility toward Japan which prevails throughout the United States. Special lecturers and writers have been employed or subsidized and according to the report they are passing up no opportunities to tell the American people that Japan is misunderstood and that actually Japan's recent actions in China are most altruistic. Finally the American people are being assured that Japan's real purpose is to make China a safe place for American businessmen. Secretary Stimson's charge that Japan has violated the treaties is answered by the argument that the existing treaties are not applicable to China because China is not an organized state in the modern sense. Finally, as a climax to Japan's propaganda effort has been the leasing of a powerful and popular radio broadcasting station located at Newark, N. J. The radio station has been leased for 13 weeks and during this period the American people are to be entertained with programs of Japanese music and talks on Japanese culture and the "peaceful" characteristics of the Japanese people. Sandwiched in between the entertainment will be lectures by so-called authorities on the pacifism of Japan.
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> "Also, we are informed that Great Britain is not being overlooked by the Japanese propagandist and if the expenditure of money will turn the trick the British people also are to be educated on Japan's highly idealistic policies in Asia. One of the British journals (City Mid-week) that circulates extensively in the financial district recently published interesting disclosures regarding the expenditure of Japanese propaganda money in England. Said the report, "Articles and letters are being submitted to the newspapers by supposedly independent writers, but they actually are inspired by Japanese agents. Various publicists and well-known writers who are regular contributors to various newspapers, have been 'approached' and offered payment if they can secure publication of pro-Japanese articles....Even members of Parliament have been asked to sign their names to letters putting the case for Japan or the case against China, in return for a substantial fee. . . "

Before leaving the subject something might be said about what has been termed the "unusual" attitude of the *Hearst Press* in the United States in respect to the present Far Eastern crisis.

From the very beginning of the crisis Hearst began propagating the doctrine that what was happening in the Far East was of no vital concern of the United States *so long as Japan confined her activities to Asia.* Mr. Hearst thus ignored the entire question of Japan's violation of treaties which are a vital concern of the United States in that the successful consummation of Japanese policy would result in the arbitrary closure of the markets of eastern Asia to American business. There is, of course, no fathoming the idiosyncrasies of Hearst editorial policy on international questions, but it is no secret that the activities of Floyd Gibbons, the Hearst correspondent in Manchuria and at Shanghai did occasion considerable questioning in both Chinese and foreign circles in the Far East. From the date of his arrival in Tokyo, Mr. Gibbons displayed little or no interest in the Chinese side of the question, but devoted his high-power journalistic and radio broadcasting activities to the Japanese Army exclusively. While in Mukden he arranged the first radio hook-up ever put over between the American and Asiatic continents. Both Gibbons and General Honjo delivered lectures over the radio dealing with the activities of the Japanese army, which were broadcasted not only in Japan but throughout the United States. In the introduction which was announced from the American end of the international "hook-up" it was stated that the Japanese war-lord, Gen. Honjo and Gibbons were broadcasting from an actual battle-field, "this being the first time in history that such a thing ever was attempted, etc." As a matter of fact both Honjo and Gibbons broadcasted from a comfortable steam-heated room in an office building in Mukden, the most interesting feature of the "stunt" not being announced, for obvious reasons, that the radio station which Honjo and Gibbons were using had been stolen from the Chinese authorities when the Japanese occupied Mukden on the night of September 18 last.

And now on top of Gibbons-Honjo international radio "hook-up" for the edification of the American people, comes the report from Tokyo (*Rengo,* May 14) stating that another Hearst man, Frazier Hunt, representative of the *Hearst-owned Cosmopolitan Magazine,* has been in Japan for a considerable period arranging for another international radio "hook-up" between Japan and the United States, on this occasion a number of Japanese statesmen and militarists, including Prince Saionji, Fleet-Admiral Togo, Premier Inukai, War Minister Araki and other personages were scheduled for radio addresses to the American people, presumabily dealing with the "pacifist" policies of Japan in Asia. Since it costs a great deal of money to arrange international radio hook-ups with broadcasting throughout the United States, one wonders just who is footing the bills and what is the underlying objective. We leave the answer to our readers on both sides of the Pacific!

In several so-called press-surveys of newspaper editorial comment in the United States bearing on the present Far Eastern situation, which were published in Japan during the course of the Sino-Japanese complications, the writers always referred to the "friendly" tone of the Hearst newspapers all over the country toward Japanese activities. Henry W. Kinney's "strictly confidential" document dealing with the state of public opinion in America on the Sino-Japanese issue, which appears elsewhere in this issue of *The Review* also comments favorably on the Hearst policy of urging America to stay out of the "War" as being highly advantageous to Japan in connection with the present situation.

Letters received in Shanghai this week from the United States referred to Japan's extensive publicity campaign which apparently is now in full swing. One writer who resides in New York stated, "At the moment Japan has got any amount of propaganda going on here. Every day, I receive pamphlets from some Japanese here in New York and also from Dairen and Shanghai. These pamphlets are printed and put out for the purpose of giving the Japanese side of the case, etc. In addition to this they have a radio announcement every evening for a quarter of an hour—a hook-up all over the country. Speeches are being made before different bodies by Japanese, but right in the face of this there is a violent anti-Japanese feeling developing all over the country." In addition to the foregoing, a woman residing in San Francisco writes, "Some Japanese are speaking on the Coast and are stating that Japan was forced to defend her nationals in Shanghai—also that Japan was acting to protect other nationals in the Settlement....This afternoon I received a pamphlet from "Post Office Box, No. 455, Shanghai" dealing with the Shanghai Incident quoting certain foreign writers in support of Japan's activities. I am wondering how they learned my present address in the United States."

Tungling Imperial Estate to be Made State Property

Conversion of the entire Manchu imperial estate at Tungling, northern Hopei, into State property was decided upon by the Ministries of Industry, Interior, and Education at a joint meeting held at Nanking May 16. This huge estate, which belonged to the Imperial Household of the late Ching Dynasty and where the tombs of the Manchu emperors and their relatives are located, is rich in forests. Owing to the fact that these resources are lying idle, petitions have been submitted to the Authorities by leading members of educational circles in Peiping headed by Yi Pei-chi, formerly Minister of Agriculture and Mining, requesting the conversion of the property with a view to its development. It is understood that following the decision of the three Ministries, deputies will despatched to Peiping to take over the estate.

Assailants of Quo Tai-chi Appear in Court

The eleven members of the so-called National Salvation Association who were arrested shortly following the assault of Quo Tai-chi at his home in Shanghai May 3, were to have appeared at the Second Special District Court on May 16, but only five of them appeared. Shortly ofter the arrest the 11 had been released on bail. The proceedings in court dealt considerably with the political phase of Chino-Japanese relations. Eventually the five were remanded, they being released on shop security. The charge against them was interfering with the lawful discharge of public functions.

Noulens' Trial Being Held at Nanking

The first formal hearing of the Noulens case was held in the Nanking District Court May 12 by the President and Judges of the Soochow Provincial High Court. Representatives from the Supreme Court were present to watch the proceedings. Chen Ying and Dr. Fischer, Shanghai legal practitioners, appeared as counsel for the defence. Telegrams from Paris during the week stated that more than a hundred French intellectuals had addressed an appeal to the French Government on behalf of the accused.

Death of Captain Robert Dollar

Captain Robert Dollar, head of the world-famous shipping line which bears his name, died at San Rafael, California, at 1.10 a.m. May 15 at the age of 88.

Capt. Robert Dollar was born in Falkirk, Scotland, on March 20, 1844. Fourteen years later he was chore boy in the Canadian woods and later became a time-keeper. As a boy he purchased a Canadian farm on the instalment plan. He was then earning $20 a month, but he paid for the farm, which he owned up to the time of his death.

Captain Dollar left school when he was 12 years old and in his memoirs he told of how he ran the whole way home to show his great week's salary, a half crown, to his mother. He was employed in a machine shop. His mother died about this time and his father took to "drinking occasionally to drown his sorrow." Writing of his life at this time Captain Dollar said. "This brought about the necessity for our emigrating to Canada and it made me a strong temperance man as I vowed I would never touch liquor as long as I lived. Robert Dollar kept this vow religiously and in his customary birthday interviews of recent years, he always told reporters that he attributed most of his success to this temperance.

When the family had emigrated to Canada. young Dollar worked in a stave factory for a while and then went into the woods as a lumberjack. In the woods he increased his education by constant study and eventually became camp foreman. Early in the 80s the Dollar family moved to Michigan where young Dollar bought and operated a sawmill in what is now the town of Dollarville. He bought all the government land he could finance and laid the foundation of the Dollar fortune with the profits.

Captain Robert Dollar

During his younger years he went into business for himself and failed. For three years he worked hard to pay off his debts and after straightening out his accounts, he moved to the Pacific Coast and in 1893, at the age of 50, he established his first saw mills on the Pacific coast. He became a naturalized American citizen in 1888. It was not until 1901, that he bought his first vessel and cleared the Golden Gate with a cargo of Dollar lumber. This ship, the *Newsboy*, was his first shipping venture.

From 1901 to 1923 he was engaged in the shipping business on a small scale. In 1923, at the age of 80, he purchased a fleet of "President" liners from the United States Shipping Board, and shortly after established the now-famous Dollar Line. Every step and detail in the growth of the company was worked out by the 80-year-old former lumberman who rose to the position of a shipping executive. His first sailing was on January 5, 1924, when at 5 o'clock sharp, the liner *President Harrison* cleared from San Francisco, and sailed out of the Golden Gate, westward voyage. Robert Dollar was a passenger on board.

Dollar saw his lines enjoy the greatest growth after he passed his 80th birthday. It was in the hectic years of the Dollar expansion, between 1915 and 1930, that Captain Dollar became a San Francisco legend. His intimate friend, Peter B. Kyne, wrote stories about "Cappy Ricks" and Captain Dollar was Cappy Ricks although neither Kyne nor Dollar ever admitted it. The advance of 20th century methods over those of his own era, the developments of the scientific age and the wealth of modern inventions were a source of continual wonderment for Captain Dollar.

"Forty years ago if I wanted to reach one of my captains I had to wait until he reached a port that had cables," he said recently. "Now I can send him a message by wireless and have the answer back the next morning, Now we have radio, the telephone, the automobile and flying machines. If anybody had talked about such things when I started running my schooners he'd have been put down as crazy."

Captain Dollar liked to tell of his first experience with the electric light. He read of it first in a newspaper, he said, and was "so disgusted at the crazy idea that I threw the paper in the waste basket." A friend of Edison's, Captain Dollar came in a short time to consider the possible benefits of electric lights and wrote the inventor about them. "I told him to send me a few to use in my Canada lumber camps, but he told me that a place had to have wires strung around it before the lights would burn," the captain laughed. "But I didn't know."

Captain Dollar always considered himself a self-made man and was proud of it. In an introduction to his memoirs he said he originally wrote them for his immediate friends, but decided to make them public "for the reason that they may be of benefit to some young men who are starting at the bottom thinking the difficulties confronting them are insurmountable, when they look up to the top of the ladder." Few had a harder time getting a start in life, Captain Dollar always maintained One of his favorite stories concerned his return to Scotland to look over the very small home in which he once lived there. "I found the place had been turned into a lumber yard," he would say, "and to my astonishment, each stick of timber had on it the Dollar mark."

Captain Dollar was held in high esteem by the Chinese, to whom he was always a faithful friend. Among those who were in close touch with Captain Dollar were Li Yuan-hung, former President of China, Dr. V. K. Lee and Wong Kok-lian of the Hangyang Iron and Steel Works, Yu Ya-ching, Shanghai business leader, David Z. T. Yui of the Y.M.C.A., Quo Tai-chi, Vice Minister of Foreign Affairs, Alfred Sze, China's Chief Delegate to the League of Nations, H. Y. Moh, T. K. Yung, C. C. Yieh, and many others.

Tibet-Sikong Dispute Takes Serious Turn

The Tibet-Sikong dispute is taking a more serious turn, according to a recent message from Sikong which states that the Dalai Lama of Tibet has dispatched five additional battalions of Tibetan troops to the Tibet-Sikong border. These are concentrating at Tachin and Paili in readiness to launch counter-attacks on the Szechuan troops.

To cope with the situation at Sikong, General Liu Wen-hui, Chairman of the Szechuan Provincial Government and concurrently Defence Commissioner for the Szechuan-Sikong border, immediately detailed one brigade stationed at Kiungchow, western Szechuen, to the front to reinforce the defenders at Kantsu and Huaijou, eastern Sikong, which two cities were newly recovered by the Szechuan forces.

Bank of England Buys Bar Gold

The Bank of England on May 14 purchased £2,012,665 worth of bar gold, the first big purchase since Great Britain abandoned the gold standard. The bank's action, according to a telegram from London, was a great surprise and has caused considerable interest in financial circles.

Monetary Commission Asks for International Conference

The Monetary Commission of the House of Representatives, has decided to ask President Hoover to convoke an international conference for examination of the silver and monetary exchange problems.

Hawkling Yen Says Disarmament in China Started 2,000 Years Ago

Dr. Hawkling Yen, associate general secretary of the Institute of Pacific Relations, speaking at Earlham Institute, Richmond, Indiana, May 13, declared that China had begun her work of disarmament 2,000 years ago. Following this, only relatively minor fighting occurred in China until foreigners opened China to the rest of the world and precipitated the present troubles, he said. Dr. Yen expressed hope for success at Geneva in untangling China's troubled affairs.

Soviets Alleged to be Oppressing Japanese in Vladivostock

Oppression of Japanese subjects in Vladivostok by the Soviet authorities of that city is steadily increasing, according to reports brought to Japan by the *Amakusa Maru*, which arrived at Tsuruga May 13 from the Russian port. Three Japanese, it is reported, have been deported from Vladivostok for no reason, while all Japanese may have to evacuate from the Russian city unless some measures are taken to afford them protection.

Civil War in China Severely Denounced by Navy

(By Our Canton Correspondent)

Canton, May 10.

THE high hopes of General Chen Chi-tang, the commander-in-chief of the Kwangtung armies, and his drastic measures adopted for the reorganisation of the Canton naval and aerial departments by appointing nominees from his own political party for these two important military administrations have been shattered by the surprisingly strong opposition offered by Admiral Chen Cheh. The staunch supporters of General Chen Chi-tang's military camps in Canton have met with cold receptions from the revolted naval commanders in their offers for a compromise with the Navy which threatens to surrender the entire force together with a part of the air corps to the Nanking Government.

Remains Loyal to Nanking

The most significant development in the south China situation occurred yesterday when Admiral Chen Cheh, General Chang Hui-chang, the dismissed Canton flying corps' chief, issued a joint statement severely denouncing the provincial military leaders on the whole for their unscrupulous promotion of internecine strife for their own aggrandisement. The two disappointed commanders were most outspoken in their allegiance to the Nanking Government adding that on no account will their gunboats and aeroplanes participate in any future civil hostilities with the exception of the expedition against Communists in Central China. The communique states that China is facing a national crisis in Manchuria and this is the time for the formation of a united front among the provincial military leaders from within the country to offer the necessary resistance against the aggression of a foreign foe from without. It is considered a distinct possibility that in the near future the naval commanders and part of the air force will find some means of placing their forces under the direct control of the Nanking authorities in case the compromise negotiations with General Chen Chi-tang turn out to be a failure.

To Establish Hainan Regime

A further blow has been rendered to the Canton Government with the arrival in Hongkong of General Chang Hui-chang who had taken the first opportunity during the last week in communicating with all his loyal subordinates in the Taishatao Aerodrome questioning their attitude towards the developments in Canton. The result of this was that another batch of flying officers left for Hongkong leaving behind them a letter addressing to the Commander-in-chief expressing their hope that the Government would respect the popular sentiment all over the country demanding that internal peace in China must be preserved at any cost at the present stage. In Hongkong these aviators and the naval commanders reached an understanding in presenting a series of demands to the Government. Their main demands consist in the establishment by Admiral Chen Cheh of naval headquarters in Hoihow, the commercial town in Hainan Island, southern Kwangtung. Twenty or so of the bigger gunboats will be placed under this independent naval base in Hainan while the first Group Army Corps under Gen. Chen Chi-tang will take over charge of the smaller gunboats which have now surrendered to the Canton Government. Several of the bigger gunboats have since sailed from Macao and Chungshan for Hainan where they will co-operate with the Admiral's 6,000 loyal marines in the building of a new military base there.

Kwangsi Militarists Doubtful

Meanwhile the rushing of some gunboats to the West River, the mobilisation order issued by General Chen Chi-tang in Shiuhing, Samshui, Konghow and Fungchuen near Wuchow instructing his own regiments to be on the alert against an invasion by the Kwangsi contingents under Gen. Li Tsung-jen have caused immediate fear among the residents over the possibility of hostilities between Kwangtung and Kwangsi. So far the governments of these two provinces have maintained their friendly bond which was formed last May when the two provinces supported the anti-Nanking movement. These precautions and military movements were undertaken by Gen. Chen Chi-tang because his Admiral Chan Cheh and Gen. Chang Hui-chang are known to have secretly sent their trusted envoys to Nanking where a big military conclave is on foot. This important visit of the political envoys suggests to the mind of the Canton officials a dark plot for an alliance between the discontented navy and air forces with the Kwangsi army for an elimination of Gen. Chen Chi-tang's powers.

Gunboats Threaten Bombardment

Gen. Chen Chi-tang yesterday ordered the gunboats Chung Yuan, Chung Hoi, Kin Yu, Chap Shun and Ping Sai to proceed from Canton to West River, the main river gateway from Wuchow to Kwangtung. The presence of this fleet of gunboats loyal to Gen. Chen Chi-tang will prevent a possible endeavor by the revolted gunboats now concentrating in Hainan and Chungshan from joining with the Kwangsi armies. The loyal gunboats threaten to bombard any of the Admiral's vessels should they proceed in the West River, where a state of considerable tension is now existing.

A regiment under Commander Liu Chi-shih in southern Kwangtung has been ordered to Shiuhing on the West River and another regiment under the Second Army is on the way to Takhing near Shiuhing. From Kongmoon came the reports of departure of Gen. Chen Chi-tang's contingents for other West River ports including Fung Chuan and Konghow. Some training divisions commissioned sometime ago to northern Kwangtung in connection with the expedition to Fukien have postponed their departure and are remaining in Canton to strengthen the defence of the city proper.

In the opinion of milinary experts it will require a large force to be stationed on the West River to guard against a naval invasion to Kwangtung as General Chang Hui-chang and Admiral Chen Cheh have under their group a total of forty gunboats, quite a strong fighting unit even excluding their aeroplanes.

Government Wants Peace

Because of the West River tension and the doubtful attitude of the Nanking government, Gen. Chen Chi-tang has taken the wiser course by continuing his compromise discussions with Admiral Chen and the flying officers. The latest terms from Canton represent the appointment of Commander Chen Ting, a relative of the Admiral, to take the place of the latter, but the reorganisation program for the naval department must be adhered to.

The Commander-in-chief's apprehension has been increased and tightened also by the fact that the majority of aviators in Wuchow belonging to the Kwangsi Aviation Administration are close associates of General Chang Hui-chang and through the influence of the latter may join hands with the revolted Navy. The Kwangsi military leader, General Li Tsung-jen, is in conference with Hu Han-min's representatives, Messrs. C. C. Wu, until recently the Chinese Minister to Washington, and Fu Hing-sheung, in Kweilin.

Communist Threat In Fukien

The Kwangsi Government will mobilize ten regiments consisting of about 10,000 soldiers for a Fukien expedition. From southern Fukien came messages of serious Communist chaos near Changchow where the bandits have been reinforced by the new arrival of some 15,000 Communists, which presents a grave menace to Amoy. The chance of reinforcements coming from Canton for the assistance of Fukien is considered as remote as ever. In fact General Chen Chi-tang has instructed the armies under Generals Li Yang-ching and Yu Han-miao, two of his most trusted subordinates, to recall their forces on the Fukien-Kwangtung and Kiangsi-Kwangtung borders back to Canton to guard against a naval invasion.

Some of the Canton aeroplanes sent from Swatow recently for Changchow and Amoy in connection with the anti-bandit expedition have also been recalled to Canton. Three of these machines which have since returned to Swatow have surrendered to General Chang Hui-chang, refusing to comply with the order to come back here.

Relations with Nanking

Behind all these important military movements and desertion of aeroplanes and gunboats is the most active and secret plotting by the politicians opposing the Nanking Government. These politicians, including Hsiao Fu-cheng, have spared no effort to stir up hostilities between the army and navy with a view to reaping the result of this harvest. This ulterior motive, according to those in close touch with this group, has apparently been perceived by General Chen Chi-tang who may make a decisive move in the near future by assuming the Nanking-offered post as bandit suppression commissioner of Kwangtung and proceed with the reorganisation of the army in accordance with the recent Nanking resolution. Such a move on the part of the Commander-in-chief will certainly have the full support of Nanking and this opportunity may indeed be seized by the C.-in-C. as a means of obtaining help from the North to eliminate the opposing navy from this Province. Hsiao Fu-cheng has issued a statement criticising the Nanking Government's handling of the Shanghai peace negotiations with the Japanese, but this denouncement represents only the views of a few discontented politicians and should not be regarded as anything serious.

Canton, May 10, 1932

Battles at Many Places in Manchuria

BY E. U. BARUNG

Harbin, May 4, 1932.

AFTER bringing new troops to Harbin the Japanese have launched another drive into the interior of Kirin Province, their troops advancing in three main directions, viz., along the eastern line of the C.E.R., by the Huhai railway, and by the Sungari river. During the past two weeks numerous encounters took place, the most significant of them being that at the station of Imienpo, where the Chinese troops, if credence can be given to the rumors, made use of poison gas in their attack upon the Japanese expeditionary forces. After operating for about two weeks the Japanese troops reached the station of Hailin on the eastern line of the C.E.R., and the town of Fanzhen on the right bank of the Sungari, around which places battles are reported being in progress now. The Old Kirin troops doubled back on the Japanese and effected attacks on detachment of the Japanese and the Chinese New Kirin troops in the rear of the main Japanese expeditionary forces. Several bridges were destroyed by fire or explosives, and the railway traffic along the eastern line has been interrupted. More Japanese troops to re-enforce those operating are being despatched from Harbin. There is a rumor emanating from unknown sources that some vessels carrying Japanese soldiers and war supplies were wrecked by firing on them. No mercantile or passenger vessels ply on the Sungari because of the battle-fronts on the banks of that river. The city of Harbin is reported to be hemmed in on all sides by troops of the Old Kirin Army and also by hunhutse; and therefore no merchant, nor hunter, nor traveller of any kind ventures to go out of the city, except by the railway. A meeting was held the other day at the office of the Chief Civil Administrator, where means and ways of fighting the troops and clearing the country of hunhutse were discussed. It was resolved to form several regiments of cavalry troops to guard the C.E.R., which hitherto has been guarded by infantry troops only.

Situation in Harbin

Refugees of the Russian, Chinese, and Korean nationalities whose towns and villages in Kirin Province have become scenes of war, and have been looted by hunhutse, are crowding into Harbin in hundreds; most of them have lost what property they had. The governmental, mercantile and social orgranisations of the city are very busy in getting funds to house the refugees and to procure food for them. The war which has been raging unintermittently during the past three months in the province has disorganised the economic life of the country. The railway traffic on the eastern line of the C.E.R. has been suspended. No export of Manchurian products has been done. The administration of the C.E.R. failed to pay out salaries to the railway workers before the Easter holidays; and the gastronomic stores that all did a roaring business before every Easter in the years past, have done very little or none this year. About 500 business enterprises have been closed. Unemployment, poverty, and pauperism are on a rapid and steady increase in the city. To what extent business is slow here may be judged from the fact that the Harbin branch of the National City Bank cut down the salaries of the employees and dismissed a couple of days ago some of the Bank guards, and that at a time when burglaries, thefts, and robberies are most rife, there being about 200 desperadoes in the city who had been imprisoned for criminal offences and were realeased about a month ago before serving their full terms by amnesty granted by the new Manchurian government. Some of the men released committed crimes within the very first week of their freedom and have been imprisoned again.

Events in Manchuria Indicative of the U.S.S.R. and Japan Drifting towards a Conflict.

What has taken and is taking place in our city and in the country around may tighten the tensity of relations between Japan and the U.S.S.R. A large number of Soviet citizens in Harbin have been arrested and kept in prison. What the number of those arrested is no one of the public knows exactly. The local press is silent on the matter, excepting a report published recently that the arrests have been made in connection with the wreck of the Japanese military train near Harbin. Rumors as to the number of the arrested vary; some say that 100 have been imprisoned, others say that 180, and still others say about 500.

It has been reported in the press that a number of Japanese, equal to that of the Soviet citizens arrested here, have been imprisoned at Vladivostok by the Soviet authorites there.

The local Japanese controlled Russian press is conducted by Russian white emigrants who believe implicitly that a war between Japan and the U.S.S.R. would incidentally serve them to realize their political ideals; they therefore are unsparing in the use of glowing words when describing events so as to bring about a worsening of relations between the two nations. It has been reported repeatedly in the local press that the old Kirin troops are inspired by the Russian communists, that they have among them Russian military instructors, etc. Some of the Japanese military authorities in Harbin, in the course of interviews with the Russian pressmen, when asked by the latter as to the activities of the Russian communists in the manner mentioned above, stated that nothing has been known to them in regard to the said activities.

Japan Gets Its Soldiers Used to the Siberian Climate

The Japanese troops that had been operating in North Manchuria during February and March left the country during the first half of April and new troops have arrived in their stead. The Japanese apparently having in view that a war with the U.S.S.R. may break out, seem to have decided to get as many of their troops as possible accustomed to the climatic conditions of Manchuria, which conditions are almost identical to those of the climate of Siberia; hence the change of troops. Regardless of the kind of weather the Japanese soldiers in Harbin can be seen being subjected to a regular and strenuous drill at the drill places of the city.

The Soviets Take Measures to Lose the Least in Case of Outbreak of War.

As regards the Soviets, they, while concentrating troops along the Sino-Siberian border, make efforts to bring their affairs in Manchuria to a point where they would suffer the least possible loss in case of an outbreak of war; quite a large number of Soviet citizens are taking along all their movable property and returning to Russia. The Soviet mercantile organisations in Manchuria have suspended importing of goods into the country, and are disposing of what goods they have in stock at low prices. A large lot railway engines and cars were sent, by the Soviet side of the management of the C.E.R., from this railway to the U.S.S.R., on which matter very lengthy negotiations bordering on controversy have arisen between the Soviet representatives and the new officials appointed by the new Manchurian government, the Chinese demanding the rolling stock sent to Russia to be brought back, the Soviets refuse to do so maintaining that the stock was ordered from the U.S.A. by the Russian government prior to the revolution and was originally intended for railways in Russia.

The clouds of war on the Manchurian horizon are gathering. Japan has occupied Manchuria. And while her army, manoeuvering in the vast fields of Manchuria, is being taught both in theory and practice how to win battles, the Soviet army stands on the frontier of the country ready to parry and strike back a blow.

Boycott of Japanese Goods Continues in Various Parts of China

According to reports appearing in the Chinese papers, translated by the Japanese *Press* Union, the boycott of Japanese goods is being continued, not only in Shanghai, but also in Peiping, Tientsin, as well as Nanking and other Yangtsze districts. The Anti-Japanese and National Salvation Associations have not yet been dissolved, these Chinese reports show, but have, on the contrary, resumed their activities with fresh vigor.

Chinese papers carry advertisements and articles daily urging the people to continue their resistance against Japan. Students are enrolling in the so-called volunteer armies, while organizations have been newly created to support such armies or to urge the people to save money to carry on the "resistance against Japan."

The Anti-Japanese and National Salvation Association of Nanking has decided to search all the native shops of that city early next month to ascertain whether or not any Japanese merchandise has been secretly imported or dealt in.

Anti-Japanese leaders of the Shanghai Chinese Chamber of Commerce have cabled to their fellow countrymen in Tientsin and Peiping to exercise strict vigilance over all merchants who are likely to buy or sell Nipponese articles. Boycotting of all Japanese goods is strongly urged by the Shanghai leaders. The Chinese merchants of the North have replied to the Shanghai Chamber of Commerce that the boycott was being continued and that steps were being taken to prevent the secret entry of Japanese goods.

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"Open Door Still Exists In Manchuria But It's an Exit for Foreign Business"

BY PAT McGRADY

(In the China Press, Shanghai, May 12)

"The open door still exists in Manchuria. But it's an exit for foreigner business."

In these terms a German merchant in Mukden aptly described trade conditions in Manchuria. Foreign merchants whose wares compete with Japanese products for the Manchurian markets realize that they are marching into a dull business future, and, accordingly, many are clearing out of the new state. Those looking for development possibilities in Manchuria are even more pessimistic, since Japanese, enabled by their dictation to the Manchoukuo government, have awarded all the worthwhile enterprise nuggets to their nationals.

While Japanese authorities still protest that the commercial door in Manchuria is as wide open as ever, foreign trade officials put as much confidence in these statements as they do in Japanese declarations that Japan has nothing more than a friendly interest in the new state. In the better informed foreign trade circles it is believed that with the completion of the League Commission investigation of Manchuria, Japan will drop all pretense of maintaining an open door in the North.

Influx of Japanese Goods

The influx of Japanese products is reflected from the retailers' shelves more ostentatiously than the invasion of immigrants demonstrated by thousands of Japanese, who daily surge through Manchurian railway station turnstiles with every train that comes from Dairen. A large foreign cigarette factory (British-American Tobacco Co.) in Mukden has struck a business slump that may force it to close. Their products have been taken from the shelves of the many Japanese shops and foreign stores under Japanese influence, and Japanese brands of goods have been substituted. Two large American firms are said to be clearing up their accounts in Mukden preparatory to closing, and innumerable German firms—who appear to have been hardest hit by Japanese occupation of Manchuria—are folding up.

Japanese have wasted no time in liquidating the advantages they have gained by occupation of Manchuria. Foreign traders are watching with wary eyes as Japanese take over the prize industrial concessions of Manchoukuo and edge all other interests into unremunerative sidelines of the commerical field.

Japanese Power Absolute

Innumerable economic atrocities of Japanese occupation are being reported in Manchuria—mainly in Mukden. These unfair coups of commerce are so common in South Manchuria that they are no longer news. The history of practically every commercial institution or public utility in Manchuria since Japanese advisors have taken over control would be of extreme interest to international authorities who are concerned with the survival of the open door in Manchuria. Japanese power in the new state is so absolute, however, that injured interests fear to make outcry, and consequently only a few true facts on conditions filter to the outside world. Chinese nominal heads of Manchoukuo state and subsidiary institutions are so ignorant of the legislation that is drawn up by Japanese advisors and to which they subscribe, that it is doubtful if they appreciate conditions in their entirety.

In previous report it was pointed out that every unit of Mukden's public utilities had been so changed under Japanese advisors that Japanese concerns derive full profit from them to the exclusion of all other foreign interests. Other instances of less consequential usurpation have been cited in which Japanese advisors have abused Chinese business men who have attempted to sell their products to institutions under Japanese advisors. Many foreign business houses in Mukden have long lists of clients, who, since Japanese advisorship came into effect have shifted patronage to Japanese houses.

Refuse to Turn Over Funds

The manager of a large Mukden bank (National City Bank of New York) is responsible for the statement that all companies subsidiary to Chinese banks in the city have been ordered to withdraw their patronage from foreign banks and to do business with Japanese banks. The same institution is refusing to turn over funds of the old Manchurian regime to Japanese advisors who are strongly demanding the surrender of these accounts. This banker also states that 40,000 tons of steel rails have recently been ordered by the new government for a government railway without asking for tenders from concerns other than Japanese.

Other large purchases have been made by the new governement from Japan in machinery and building material lines. Contracts for construction of the new capitol are expected to be given to Japanese companies who have financially come to the aid of the new government. Some months ago it became known that 300,000 Manchoukuo flags had been ordered from Japanese mills.

Enforced Mortgages

The new government has magnanimously surrendered control of all railroads excepting only the Sino-Russian owned Chinese Eastern Railway to Japanese railway interests. Complete control and ownership is being effected by enforced mortgages on the lines. Japanese have taken over projected railway routes and other concessions that have previously been granted other foreign countries. The process of easing Russian rail interests out of Manchuria is being reported in the daily newspapers. Control of the Russian line is already Japanese by virtue of their hold on the Harbin office of the road and the recently assumed power of appointment of officials. Mills and factories along the Chinese Eastern Railway are being controlled by Japanese advisors.

Conservancy shipbuilding interests have been taken under the wing of Japanese advisorship, and both men and materials recently employed at Mukden are principally Japanese.

Steamers Confiscated

Japanese have seized 20 steamers that formerly plied the Sungari River sailing the Chinese flag. These vessels are being used for the transportation of Japanese troops and various other purposes of the Japanese military forces.

Foreign Capital Tabooed

Legislation provides for exclusive Japanese exploitation of Manchoukuo's rich mining land. The Manchoukuo government has passed laws to the effect that no foreign capital will be allowed in mining enterprise. Japanese, having taken control of the mining administration, have secured for themselves sole privileges in Manchoukuo's lucrative mining districts. Japanese interests benefitted greatly in a recent "gold rush" to North Manchuria.

Japan has always enjoyed privileges in Manchuria to the disadvantage of other foreign competing interests. One of the most important, and most emphatically denied, advantages is that of being able to smuggle goods into Manchuria without paying customs tax. A small fraction of Japanese goods that yearly go into Manchuria through the Japanese port of Dairen is declared. Sixty-six percent of Manchuria's total trade passes through Dairen. Declaration sheets show that about one-third or one-fourth of the goods that enters Dairen leaves that city for Manchuria. This apparent consumption rate is unbelievably high for the Kwantung leased territory.

Smugglers Aplenty

Within the last month, the Chinese customs officers petitioned for more police to guard the Antung entrance to Manchoukuo from Korea. Japanese merchants, the Antung inspector complained, were rushing the customs barrier, and he was finding it impossible to impose customs duties on any but a very few of the slower and more unfortunate smugglers.

In the last few years Japan has been frequently accused of having given its merchants unfair advantage over foreign competing business houses and domestic concerns. It is charged that Japanese steamship companies have favored Japanese merchants by giving the latter rebates on freight cargoes to Manchurian ports. It is an old, old story in Manchuria that the Japanese South Manchurian Railway favors their nationals in like manner.

Inasmuch as harbor officials in Dairen have the power to clear incoming cargoes, they are thus enabled to show preference to whatever merchant class they wish, and this too is frequently mentioned as a reason for Japanese enjoyment of trade advantages to the disadvantage of competitors. Chinese projection of Hulutao Harbor, which would give all foreign traders an "even break" and afford facilities of direct distribution over Chinese railroads to all parts of Manchuria, has been stopped by Japanese since their occupation.

Because of their proximity to Manchuria and because of the strong influence Japanese have on Manchurian affairs, Japanese merchants are giving knowledge of buying times for certain lines, and accordingly they are enabled to have their goods on the spot and thus preclude competition.

Many trade experts accuse the Japanese government of granting subsidies to Japanese business in Manchuria, which affords them support and advantage that the enterprise of other nationals does not enjoy.

The Future Pay Rolls

For many years Japan has benefited by the above listed advantages of trade. With complete Japanese control of Manchuria, these advantages have become more pronounced. It will be of extreme interest to look over the trade figures for 1932 and notice the gain that will be registered in Japanese imports to Manchuria and the loss by other foreign countries. It will also be interesting to compare the amount of Japanese money invested in Manchurian enterprise during 1932 with that of preceding years. The number of immigrants to Manchuria and a comparison of the wage they receive there with that which they received at home would also be interesting. One wonders what the increase in Japanese pay figures in Manchuria will amount to for the current year over those of previous years.

As regards American and other foreign interest in the open door of Manchuria, many will argue that non-Japanese foreign investment is not great enough in that country to warrant concern for the survival of the free-for-all-trade policy. In 1929 the total imports and exports of Manchuria amounted to Haikwan taels 755,255,-360, of which Japan claimed 307,608,645, China 192,686,-058, Russia 56,030,034, Holland 39,184,428, America 38,-089,358, Great Britain 34,861,708, and Hongkong 20,177,-160.

U. S. Trade Low

Aside from that country's desire to have treaties respected and to preserve peace in the Far East, the United States was apparently intent upon perpetuating the open door policy in Manchuria when she took a determined stand against Japanese occupation of Manchuria last year and early in 1932. Trade figures for the past years scarcely warrant this attention from the United States, whose main interests in her own and other territories so greatly overshadow her trade with China and Manchuria as to make the latter seem inconsequential. Consideration of potential development of Manchuria, however, makes the current yield of the country seem insigficant beside the possibilities that future exploitation holds.

Manchurian trade has increased yearly in tremendous bounds. Trade was effected however by the world depression in 1929, but this slump held a favorable proportion to that of other countries. From Haikwan taels 52,000,000 or 6 per cent of the total trade of China in 1907, the total value of imports and exports increased to Haikwan taels 755,000,000 or 20 per cent of the total trade of China in 1929. In 23 years Manchuria's trade has expanded 16 times the figure of 1907. And it is generally believed that exploitation of Manchuria has not yet begun.

Open Door Needed

America, with millions of restless gold dollars, is looking for new fields of investment. It can not be denied that a good share of the depression current in the United States can be accurately attributed to lack of unexploited fields of investment. Manchuria supplies these fields, and the United States is interested. It behooves her to maintain an open door in Manchuria.

While Japan through special privileges had virtually closed the open door in South Manchuria long before September 18, 1931, her action along this line has become infinitely more pronounced since she gained complete control over the new puppet government and the resultant industrial advantages. There has thus far been nothing philanthropic about her apportionment of Manchurian advantages. Although foreign capital will be required to develop Manchuria into a well paying project, Japan has apparently been more interested in securing for her nationals the rights to exploitation of the more remunerative industries than in encouraging foreign cooperation.

As a result of Japan's frank solicitude for Japanese interests and her unscrupulous methods of effecting selfish motives, she has attracted the attention of many jealous nations who bitterly resent this arbitrary action. Japan will do well to see that she doesn't get her finger caught in slamming the door in the world's face.

Statement on the Bomb Outrage Made by Japanese Consulate General

The Japanese Consulate-General, Shanghai, May 16 issued the following statement on the reasons for holding C. H. Ahn, (Ahn Chang Ho), prominent Korean.

"By the confessions made by the perpetrator of the outrage, In Fong Kee, strong suspicions were aroused, it being thought likely that a fairly large body of conspirators might be connected with the crime. The Japanese Consular authorities, therefore, immediately applied to the French Consulate-General, as well as to the Municipal authorities of the French Concession, for the arrest of those Koreans who were suspected of being involved in the outrage. As the result of examinations, five of the arrested suspects were found guiltless and were released on May 14. As for Ahn Chang Ho, it is pointed out that despite reports that he is a Chinese national, he indisputably has Japanese nationality and shall, therefore, be dealt with in accordance with the national law of Japan."

The Way of Pastor Chiang?

A correspondent signing himself "At Attention" wrote to the *China Press* May 11 concerning the possible fate of C. H. Ahn, the Korean who had been arrested by the Japanese in connection with the Hongke wPark bomb incident. This correspondent said: Is Mr. Ahn to remain indefinitely in the hands of the Japanese authorities where he has no right to be? Is he to be given lawful, public trial or is he to be spirited away like Pastor Chiang of the Fitch Memorial Church, Vice-Principal Tsao of the Southern Methodist Middle School and S. M. Hong of the International Dispensary,—to say nothing of hundreds of others not so well known? With the facts in the case known *will* the Japanese authorities do nothing, *and* can the French authorities do nothing to give this man of unimpeachable character a fair hearing before the proper authorities? Does the fact that Mr. Ahn was a naturalized Chinese subject avail him nothing? Will the Consular Body in Shanghai let the Japanese get away with this sort of high-handed procedure?

Many Killed, Hundreds Injured in Serious Riots in Bombay

Serious riots broke out at Bombay, India, May 14, and despite the drastic measures to restore order, the riots which originated through Hindus beating two Moslem children, continue to increase in intensity, the latest phases being the looting of shops and temples. The gravity of the situation at Bombay was revealed in a *Reuter* message which stated that the armed police who had been withdrawn at nightfall the day previously had to be called out again. Military reinforcements which arrived in the city began to fire on the crowds in six different districts. The Commissioner of Police has issued an ordinance banning the carrying of swords, knives, lathis or stones by the populace for a period of one month. The damage done by the looters is estimated at many hundreds of thousands of rupees. Several scores of people were killed and more than 400 injured in the clashes that took place between the rioters and the police assisted by troops.

China Getting Ready for Chicago Centenary Next Year

The Chinese Ministry of Industry has appointed a preparatory committee in connection with the Chinese exhibit at the Centenary Exposition of Chicago, next year. The committee is composed of over sixty industrial leaders and prominent personages, among whom are Dr. Fong F. Sec, formerly chief editor of the *Commercial Press*, who will be head of the administrative department, and Chang Yi-ou, formerly director of the commercial department of the Ministry of Industry, who will be in charge of the department for the selection of exhibits. Dr. H. H. Kung, formerly Minister of Industry, is also a member.

Mr. Henry W. Kinney's "Strictly-Confidential" Document

THAT the American "professorial pacifist element" is the most dangerous factor in the world today and that Roy Howard with the New York *World-Telegram* and the *Scripps-Howard Syndicate*, who is radically pacifist and pro-League, is the most inimical factor against Japan in the United States, are the interesting conclusions of a leading propagandist in the employ of Japan who was sent to the United States late last year and remained in the country for a period of practically four months during the course of the Manchurian and early stages of the Shanghai complications.

The conclusions are contained in a "strictly confidential" document which is 100 percent genuine and which found its way into the office of the writer directly from the offices of the Japanese government-controlled South Manchuria Railway at Dairen. The author of the document is Henry W. Kinney, American citizen born in Hawaii, whose biographical sketch in Who's Who states that he received his education at the University of Copenhagen where he was given an M. A. degree in 1897 and later did post-graduate work at the University of California.

After engaging in teaching and newspaper work in Honolulu, Mr. Kinney went to Japan in 1919 where he also was engaged in newspaper work for a time, following which he went to Dairen in 1925 to accept the position of chief of the publicity department of the South Manchuria Railway, a position which he still holds. He has written several books dealing with Hawaii and Manchuria and one novel. Mr. Kinney speaks and reads the Japanese language.

Mr. Kinney's "strictly confidential" document takes the form of a "further report on the situation in the United States following the Shanghai affair," and apparently was telegraphed from New York on February 6 to Mr. Kinney's Japanese principals in Tokyo and Dairen. It should make interesting reading for Americans in that it consists of a careful appraisal of the status of public opinion in the United States following the Shanghai incident with careful advice to the Japanese leaders on the matter of keeping the Americans "informed" on Japanese policy.

Many names of writers in the United States who specialize on Far Eastern subjects are mentioned in Mr. Kinney's report, five in particular being mentioned among those "who have remained staunch and have shown great eagerness to obtain facts from the Japanese side." The five are, Herbert Elliston, Rodney Gilbert, Frederick Moore, Wilbur Forrest and George Sokolsky.

The *Hearst Press*, according to Mr. Kinney, "is, curiously enough, making tremendous arguments against America's adopting any attitude which may even remotely tend to bring the States into war."

Following this appraisal of the *Hearst Press*, this propagandist in the employ of Japan made the following comment about the *Scripps-Howard Syndicate*. "I am under the impression that Roy Howard, with the *World-Telegram* and the *Scripps-Howard Syndicate*, who, is radically pacifist and pro-League, is the most inimical factor agaist Japan in the United States."

Mr. Kinney then informed his Japanese employers that "it is very gratifying to find that lurid war talk in America is entirely absent," and while he did hear remarks on the streets by obscure individuals that "what America needs is another war," these remarks could be dismissed as the opinions of entirely unimportant individuals. The reason for this situation he attributed to the fact that "all sound opinion in the United States attributed the present depression to the Great War, hence the United States does not want any more experience of this kind."

In proof of this feeling, Mr. Kinney quoted John Bakeless, prominent writer and United States Reserve Officer, "who told me that at a recent meeting of such officers war talk was entirely discounted, all American official authorities, including the Army and Navy, evidently feeling the same way."

John Bakeless, it might be mentioned is a former editor of *The Living Age* and an instructor in the New York University School of Journalism. He was commander of the 2nd Light Infantry in France in 1918 and has served as an instructor in the Central U. S. Officers Training School at Camp Lee.

Mr. Kinney then proceeded to a detailed analysis of the ardent pacifists, "who are apparently willing to resort to warlike measures for the sake of peace." These people, he declared, "express the only radical opinions....and well informed persons often express the idea that this professorial pacifist element is the most dangerous element in the world situation today." This paragraph concluded with the sentence, "Even Senator Borah, who can by no stretch of the imagination be classed as a friend of Japan, has come out strongly against the boycott as being a measure of a war-like nature." As an example of the so-called professorial pacifist element, Mr. Kinney mentioned the name of Dr. Arthur N. Holcombe, professor of government at Harvard, who visited Manchuria sometime ago. According to Mr. Kinney's report, Professor Holcombe "and fifteen other members of the Harvard faculty drafted a resolution advocating an economic boycott against Japan, which is illustrative of the most radical professorial opinion."

However, the professorial element was eager to obtain "correct data," according to Mr. Kinney's report, which stated that he was given a luncheon "by a selected group of some thirty-five members of the faculty of Columbia University." On this occasion Mr. Kinney stated that he "discussed mainly the Manchuria situation," but also answered many questions on the Shanghai affair. "The tone of the questions revealed that the greater number of those present were willing

to take a friendly attitude toward Japan so long as they could obtain facts on which to base such."

Following this luncheon, Mr. Kinney explained that he was proceeding at once to Ottawa, Canada where arrangements had been made for him to dine with Dr. O. D. Skelton, under-secretary of state for foreign affairs and Mr. Stevens, Minister for Commerce, and others.

The document conclused with the following paragraph: "On the whole, the staunch attitude of the friends of Japan who are standing by Japan in these trying days when the deluge of lurid and sensational news is making the maintenance of a pro-Japanese attitude difficult for them, has been very gratifying, and I feel that at this moment the greatest service that can be done is to furnish them with all the material possible with which they can fortify their arguments in favor of the Japanese cause."

In his introduction, Mr. Kinney stated that up to the beginning of the Shanghai affair on Jan. 28, that most Americans looked upon the Manchurian affair as a "fait accompli about which nothing could be done and that, after all, it was likely that the eventual results would be good.... and while some might deplore what seemed to them to be ruthlessness of Japanese tactics, it may be regarded as certain that such excitement as has existed would have died down very shortly, except on the part of extreme pacifists."

But the Shanghai intervention completely upset the apple-cart so far as public opinion in the United States was concerned, admitted Mr. Kinney, who went to great pains to explain that the Americans generally took the side of the Chinese due to the fact that the Chinese apparently had accepted all the Japanese conditions in order to avoid trouble, but in spite of this the Americans had a "common idea that the Japanese Navy wantonly attacked the Chinese in Chapei in spite of the fact that the Chinese authorities had agreed to all that Japan had demanded." Mr. Kinney stated that he tried to convince people that the Chinese populace was aroused, "hence it was necessary for the Japanese troops to enter Chapei to protect Japanese residing there....and that the bombardment by air-bombs was a reluctantly taken expedient when the handfull of marines could not un-aided hold the hordes of Chinese.

Difficulty in making the American people understand the real Japanese position was due to the fact that the newspaper dispatches from Shanghai "depict mainly the sensational features of the case such as airplane bombardments and bombing, killing of civilians, women and children and the presence of Japanese marines in foreign sectors of the Settlement." Mr. Kinney stated that the Far Eastern news was so voluminous that the average reader could only read the headlines. He said that it was only the careful reader "who took the pains to find the facts which tend to justify Japan's action." He stated that when he arrived in America he found his task in discussing the Manchurian situation was becoming "easier and easier....but now that the Shanghai situation has arisen. I find it necessary to pay special attention to those who have been, and are, still trying to be friends of Japan, as those persons find themselves hard pressed in their efforts to obtain arguments which will give them opportunity to present Japan's cause favorably."

Much interest attaches to the five writers who specialize in Far Eastern subjects, who according to Mr. Kinney, "have been remarkably staunch and shown great eagerness to obtain the facts from the Japanese side. Herbert Elliston, the first writer mentioned is an Englishman who was connected with a Chinese government bureau in Peiping for several years but who went to New York and since has been connected with an organization devoted to the propagation of world peace.

Rodney Gilbert is a Yale graduate, who was for a time engaged in business, but for several years was a member of the staff of the *North-China Daily News*, leading British paper in Shanghai. Mr. Gilbert returned to the United States in 1928 and since has been a writer for various newspapers and magazines.

Frederick Moore once served as correspondent for the *Associated Press* in Peiping where he obtained a "scoop" on the presentation of the Japanese Twenty-one Demands in 1915. Later he served as an adviser to the Japanese Foreign Office in Tokyo and was attached to the Japanese Embassy in Washington. Mr. Moore also represented the *New York Times* in China in 1927. He is now residing in Washington and contributes to newspapers and magazines. Wilbur Forrest is a New York newspaperman who traveled in the Far East with the Carnegie Foundation's Journalists' Friendship tour of Japan and China in 1929, the expenses of the tour being defrayed in Japan.

George Sokolsky, the last named, is an American who resided in Russia for several years, following which he came to China and for a considerable period was connected with a Chinese Government bureau, later resigning that position to write for Shanghai newspapers. He is now residing in New York and aside from lecturing, contributes to various newspapers and magazines.

Mr. Kinney, the chief propagandist for the South Manchuria Railway, and author of the "strictly confidential" document described in the foregoing sailed from Yokohama for the United States on Nov. 25 of last year and returned to Japan on March 10 according to notices referring to his trip which appeared in the Tokyo newspapers. He is now in Manchuria traveling with the League of Nations Commission. The complete text of his "confidential" document follows:

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Strictly Confidential

New York, February 5, 1932.

FURTHER REPORT BY HENRY W. KINNEY ON SITUATION IN NEW YORK FOLLOWING THE SHANGHAI AFFAIR

The occurrence of the conflict in Shanghai has tended to change very materially public opinion with regard to the Far Eastern situation. Before its occurrence, opinion generally was settling down very rapidly with regard to the Manchurian situation. The prevailing thought was evidently that the spectacular features were over, that the world faced a fait accompli about which nothing could be done and that, after all, it was likely that the eventual results would be good. The public was beginning to understand the essential features of this event, seeing that the Chinese were largely to blame, and while some might deplore what seemed to them to be

ruthlessness of Japanese tactics, it may be regarded as certain that such excitement as has existed would have died down very shortly, except on the part of extreme pacifists.

The Shanghai affair changed public opinion completely and where such had been friendly or, at least, complacent with regard to Japan, it became in most cases strongly incensed at what appeared to almost the entire American public to be Japan's ruthless offensive. Practically everyone believes that Japan evidently wished to fight the Chinese no matter whether these accepted her conditions with regard to the boycott or not, and that this was shown through the fact that Chapei was bombarded after the acceptance of the demands made upon Mayor Wu. This, and the danger to foreign nationals in the Settlement, has caused a very widespread and very unfavorable reaction.

This situation is due to the fact that the newspaper dispatches from the Far East depict mainly the sensational features of the case such as airplane bombardments and bombing, killing of civilians, women and children, and the presence of Japanese marines in foreign sectors of the Settlement, as well as such friction as has come up between the foreign authorities and the Japanese in Shanghai. The news is voluminous, occupying several pages of the principal newspapers, and as a consequence only the most serious students of Far Eastern affairs read it all. The great majority of readers merely look at the headlines which give the most sensational facts and neglect to read the entire volume of information where the careful reader may find the facts which tend to justify Japan's action, but which are so obscured by the general mass of sensational stuff that they escape everyone except the careful reader.

Thus when I arrived in America I found that my task in discussing the Manchurian situation was becoming easier and easier owing to the gradual change in American opinion which has been described above. At that time, while I, of course, looked up the various friends of Japan, I paid special attention to those whose attitude was inimical, as that seemed to be my most useful function. Now, however, since the Shanghai situation has arisen, I find it necessary to pay special attention to those who have been, and are, still trying to be the friends of Japan, as those persons find themselves hard pressed in their efforts to obtain arguments which will give them opportunity to present Japan's cause favorably.

The main point seems to me to lie in the fact that the common idea is that the Japanese navy wantonly attacked the Chinese in Chapei in spite of the fact that the Chinese authorities had agreed to all that Japan demanded. I have tried to point out that the Chinese authorities lost control of the situation in Chapei owing to the fact that their yielding to Japan's demands aroused the populace; that the Japanese marines in the Settlement as a matter of evident necessity were compelled to enter Chapei to protect the thousands of Japanese there, when the Chinese utterly failed to do so; that the bombardment by air bombs was a reluctantly taken expedient when the handful of marines could not un-aided hold the hordes of Chinese; and the Japanese were making every effort to protect the part of the Settlement assigned to them, as was their duty, and were carefully refraining from involving other parts of the Settlement.

These conversations with editorial writers and other newspapermen, college professors, bankers, businessmen and others have followed very much the same lines, and I shall not attempt to give details except in a few cases, in order to keep this report down to a reasonable length.

I should merely mention that such men as HERBERT ELLISTON, RODNEY GILBERT, FREDERICK MOORE, WILBUR FORREST, GEORGE SOKOLSKY, and others have been remarkably staunch and have shown great eagerness to obtain the facts from the Japanese side. The Wall Street element has shown great endeavors to bring about a reasonable attitude on the part of the public. The HEARST PRESS curiously enough, is making tremendous arguments against America's adopting any attitude which may even remotely tend to bring the United States into war. I am under the impression that ROY HOWARD, with the WORLD TELEGRAPH and the SCRIPPS-HOWARD SYNDICATE, who, is radically pacifist and pro-League, is the most inimical factor against Japan in the United States.

It is very gratifying to find that lurid war talk is entirely absent. I have heard chance remraks on the street by obscure individuals to the effect that "what America needs is another war," but these evidently reflect the opinion only of entirely unimportant individuals, as all sound opinion overwhelmingly expresses itself to the effect that the present depression is a result of the Great War, and that the United States certainly does not want any more experience of this kind.

JOHN BAKELESS, a prominent writer and a United States Reserve Officer, told me that at a recent meeting of such officers war talk was entirely discounted, all American official authorities, including the Army and Navy, evidently feeling the same way. The only really radical opinions expressed are those of the most ardent pacifists who are apparently willing to resort to warlike measures for the sake of peace. For instance, Professor HOLCOMBE of Harvard (who visited Manchuria some years ago) and fifteen other members of the Harvard Faculty have drafted a resolution advocating an economic boycott against Japan. This is illustrative of the most radical professorial opinion; but well informed persons often express the idea that this professorial pacifist element is the most dangerous element in the world situation today. It would be noted that Congress has shown great restraint, and that even Senator BORAH, who can by no stretch of the imagination be classed as a friend of Japan, has come out strongly against the boycott as being a measure of a war-like nature.

Even the professorial element is eager to obtain correct data. Thus yesterday I attended a luncheon given me by a selected group of some thirty-five members of the Faculty of Columbia University. While I discussed mainly the Manchurian situation, I was also asked many questions with regard to the Shanghai affair, and while I emphasized that I could speak authoritatively about the former and only as an individual with regard to the latter, I was asked a great many questions, the tone of which revealed that the greater number of those present were willing to take a friendly attitude as long as they could obtain facts on which to base such.

On the whole, the staunch attitude of the friends of Japan who are standing by Japan in these trying days when the deluge of lurid and sensational news is making the maintenance of a pro-Japanese attitude difficult for them, has been very gratifying, and I feel that at this moment the greatest service that can be done is to furnish them with all the material possible with which they can fortify their arguments in favor of the Japanese cause.

I am leaving tonight for Ottawa where I have been invited to stay for a few days by some members of the Institute of Pacific Relations, and where arrangements have been made for me to dine with Dr. O. D. SKELTON, Under-Secretary of State for External Affairs and Mr. STEVENS, Minister for Commerce and others.

HENRY W. KINNEY

Japanese Had 2,425 Casualties in Shanghai Expedition

Complete statistics regarding Japanese casualties in China and Manchuria were officially released by the War Office at Tokyo May 11 revealing that the total number of killed was 965, while 161 subsequently died of wounds, and 2,740 were wounded.

The largest number of casualties were suffered by the Shanghai expeditionary force, which had 541 killed in action, 93 dead from wounds and 1,791 wounded.

The Kwantung Garrison, as the Manchurian force is described, had 418 killed in action and 1,008 wounded of whom 64 subsequently died. The grand total of casualties is put at 3,866.

Japanese Engineers Build New Bridge Across Woosung Creek

The official opening took place May 13 of a new bridge across the Woosung creek built by Japanese military engineers to replace the one destroyed during the recent hostilities. Shinto priests took part in the ceremony, garbed in their ceremonial robes. Major-General K. Tashiro, Chief of Staff of the Japanese military forces here, Rear-Admiral T. Uyematsu, Commander of the naval landing party, H. Hanasato, Chief of the Japanese Consular police, and others were among those present to witness the celebration. The bridge has been named after General Shirakawa.

The Japanese Secret Service, Its Structure and Aims

(BY AN AMERICAN OBSERVER)

A CERTAIN foreign correspondent, who spent much time in Manchuria, collecting news from battlefields, and during his travels lived at the Japanese owned Yamato Hotels at Mukden, Dairen and Changchun, once confided to me that it was not pleasant to have Chinese friends call on him at those hotels, for every such visit was always looked upon by the Japanese with a certain amount of suspicion. Therefore, to obtain the Chinese view on events, he was obliged to arrange a rendezvous at some other place; avoiding meetings at his hotels. This remark brought home to me the idea of the omnipotence of the Japanese secret service, the presence of which is seen in every nook and corner of the Far East. And the study of it reveals that military espionage overlaps the secret service of the Home Office so that even in this respect the War authorities are in a commanding position.

The Japanese military secret service aims at supplying the General Staff of the army with confidential information relating to the strength, disposition and equipment of foreign armies, the foremost attention being paid to the Chinese, Russian and American armies, as the likeliest enemies of the Imperial Japanese Army. The Japanese Navy has its own secret service with specific aims, and which is not included in this article. Likewise no consideration is being paid here to the criminal investigation department, which is operated along the lines adopted in Western countries.

When speaking of the Japanese military secret service it is opportune to mention that the military branch of the Tokyo Government is subordinate to none, except the Emperor, and therefore has often been called an *imperium in imperio*. The Japanese constitution was drawn up in such a way as to make the General Staff of the army quite independent of the civilian government; however, there are certain times when the General Staff has to climb down from its exalted place and this comes when the national budget is submitted to the Diet. The appropriations for the Army and Navy have been always high, constituting almost one-third of the entire budget, and according to the constitution, the Army and Navy are accountable to none for the way in which the appropriations are put to use. It means that the Diet passes a lump sum for military expenses, the Treasury hands it over to the War Office, and that is all for the people and the government to worry about; there is no obligation for the War Office to give an account as to how the money is being spent. And the War Office has been always reluctant to disclose the full particulars of requested appropriations, submitting to the Diet only those items the knoweledge of which on the part of the Diet members would mean no harm to the defence plans of the General Staff. The Home Office, under the control of which comes the civilian—or to say more correctly,—political espionage system is not placed in such a lucky position as the War Office, for the appropriations of this office are more or less open to criticism on the part of the Diet members. And there is always an item covering the "secret" funds which are placed at the disposal of the Home Minister for the purposes of keeping up the espionage system at home. Since the Japanese Diet is dominated either by the Seiyukai party, very close to the military circles, or the Minseito, called the liberal party, the appropriations of the War and Home offices for their espionage systems have met with no serious opposition, usually being passed without much discussion. Only recently, with the birth of the so-called proletarian party, has there been a certain amount of arguing on the part of the Diet members, but here it has mostly been about the funds asked for by the Home Ministry.

The Japanese military espionage system, strictly speaking, should be divided into two parts—foreign and domestic, each branch having its own class of duties. The foreign branch works in foreign countries, pursuing its main aim—the obtaining of data relating to the strength, disposition and equipment of foreign armies, while the domestic branch is represented by the gendarmery, the task of which is to detect and arrest foreign spies engaged in collecting similar information relating to the Japanese armed forces. In other words the Japanese war department sends espionage officers all over the world to collect military information, but let any foreign espionage officer be caught in Japan and it's a different story.

The Army Resident Officers

A study of how the foreign espionage system is operated reveals that it differs according to the countries in which it must work. In China, because of a specific position Japan claims to occupy, the espionage work has been always easy and entails no danger, whereas in other countries, notably, in Soviet Russia and the United States this work is not pleasant and involves a certain amount of danger. While Japanese military espionage in other countries is being directed by the military attaches, in China this work is directed by the so-called army resident officers, having their offices in every important city in the country. These officers are appointed by the General Staff in Tokyo and are therefore outside the control of the Foreign Office. All the funds required for maintenance come from the treasury department of the General Staff. Besides being subordinates to the Staff they are in constant touch with each other, so that, if something of importance happens in one district of China, it is immediately flashed out by special code to other resident officers. It long has been the policy of the General Staff to assign promising officers, especially those who have graduated from the Military Academy, to these military posts in China. After some years of service in a given place he is transferred to another district so that in the end he obtains a thorough knowledge of China as a national, economic and military entity. Besides this educational—so to speak—importance the military missions in China have another, more important job, namely, to serve as mediums through which the General Staff puts into effect its own policy, that is the policy of the military caste of Japan, often referred to as a party.

An excellent example of the custom of the Tokyo General Staff in assigning promising officers to various cities of China as espionage officers is provided in the dramatic career of Col. Doihara who had much to do in plotting the occupation of Mukden last September and later in the restoration of the Manchu Boy Emperor Pu-Yi. Doihara once served as assistant military attache in the Japanese Legation in Peiping when Gen. Honjo was in charge of espionage work in the former Chinese capital, but prior to that Doihara as a young officer had received special training as a secret "resident" officer in many of the cities of North China, his presence, of course being entirely unknown to the Chinese. Col. Doihara's latest exploit was the planning of the occupation of Harbin.

It also is of interest to record in this connection a further policy of the Tokyo General Staff which was adopted three or four years ago when the decision was made to embark on the Manchurian adventure, the ultimate object of which was to bring all China under the domination of the Japanese war machine. One of the

chief stumbling blocks which the Japanese have always encountered in China has been the American missionary who, until quite recently, exercised great influence with the Chinese people, particularly the students and younger members of the various communities. The American missionaries have been responsible for teaching nationalism to the Chinese and in periods of crisis have undoubtedly encouraged the Chinese to resist foreign aggression. In order to find out just what the American missionaries were doing and counteract their influence, the Army General Staff in Tokyo three or four years ago appointed a special type of intelligence officer in China who was recruited mainly from Japanese who had been brought up and educated in the United States. These men were "planted" in the various missionary and foreign communities and given instructions to ingratiate themselves into the confidence of the foreigners. Sometimes these men were attached to the Japanese consulates or the Legation but their names never appeared in the published directories with other consular officials. These men (and women) have practically unlimited expense accounts for "entertainment" purposes and have powers far exceeding that of any consular or diplomatic officer due to their connection with the Imperial War Machine.

The job of every resident officer might be summarized as follows:—

(1) He has to keep a most up-to-date record of the strength of the Chinese army in a given locality, that is, he must at any moment be able to tell the number of local troops of all kinds, their disposition, equipment and past records. Any change in these forces he records in his books with the precision of the bank clerk and reports immediately to the General Staff in Tokyo and to all near-by resident officers.

(2) He has to be in complete knowledge of the condition of the transportation facilities of the region in which he is assigned. Any improvement in the roads, whether rail or other, he records and tries to ascertain the extent of the improvement. The laying down of new telegraph or telephone lines does not escape his attention, either.

(3) He must know all about the existing arsenals as well as all industrials undertakings which are most likely to be utilized for defence purposes. His records must be so kept as to provide all the information pertaining to the equipment, output and management of such enterprises. Needless to say, the military repots, powder magazines, power stations, etc. are under his special attention.

(4) He must be familiar and if possible, acquainted with the local prominent officers as well as high civil officials, so as to have a clear idea as to their personal qualities as statesmen and probable enemies in the field.

(5) The natural resources of the locality also must not escape his attention, especially those relating to food supplies, coal mining, etc. The great Chinese banking and commercial enterprises also come within the field of their attention.

As stated in the foregoing all this information after being collected is checked and reported to the Intelligence Bureau of the General Staff, where one may obtain most up to date information on any given region of China, all sorted and filed in most thorough manner. This refers to the activities of the army resident officer, whose duties are distinct from those assigned to the navy's resident officers, which subject is not discussed here.

How is this information collected? Owing to the special position Japan enjoys in China the collection of this information does not mean a great task nor does it entail any special danger to the person engaged in the work. There are two ways by means of which the army resident officer is kept in constant knowledge of what is happening in the Chinese army in any given locality, namely: First, which method might be termed as the open method of spying, was done until recently through military advisers and instructors once attached to the headquarters of Marshal Chang Tso-lin, his son Marshal Chang Hsue-liang and also to the military schools and airdromes at Mukden. Peiping and Nanking. These officers were employed by a special agreement between the Chinese and Japanese governments in each case and were quite free from reprisals. Being in the very heart of the Chinese defence forces, as the headquarters, military schools and air-filds, they were in full knowledge of plans of the high command as well as the equipment of the Chinese forces, especially of the air-fields and arsenals. However, since the outbreak of the Manchurian incident of last September this system was discontinued; all the advisers and instructors having been called home.

As an example of how the military advisers to the Chinese Government were engaged in clandestine activities, of course under the direction of the General Staff in Tokyo, we might recall the incident in which Marshal Chang Tso-lin met his death in June, 1928. According to the Chinese investigation of the incident, which incidentally was supressed at the time, a certain Japanese adviser was travelling on the same train with the old Marshal. When the train reached Huangkutung station, on the outskirts of Mukden, the adviser alighted and held a telephone conversation with a certain person in the Railway Town Japanese Concenssion during which he was supposed to have told the exact couch in which the old Marshal and the suite were sleeping. The explosion that followed fifteen minutes after did the job with a precision to be marvelled at.

Every Resident Is a Spy

The bulk of secret informers come from the Japanese and Korean residents of a given locality, where under the disguise of merchants, barber and or restaurant keepers one often finds a retired army officer or non-commissioned officer, whose primary duty is the collection of the information required by the resident officer. Chinese, employed in important central institutions, who for a certain remuneration are willing to divulge the state secrets, form another class of secret informers. As a result of this well organized service the Japanese know China, her strong and weak points, better than the Chinese themselves. This fact was reckoned with by the Soviet Legation at Peking, when they subsidized the Chinese boys of the Japanese Legation at Peking and thus obtained most up to date information about the Chinese forces and intentions by this—so to speak—round about way, through Japanese channels. This was disclosed when Marshal Chang Tso-lin carried out his now famous search of the Soviet Legation in the old capital.

A careful observer of Japanese activities on Chinese soil has undoubtedly noted that, whenever the Island Empire is about to embark on a certain undertaking of a major character, then that territory is visited by a flood of Japanese "tourists" of all ages and professions. They come in parties of ten, twenty and more, visit places and go about indenting the values of that region. Then they disappear as quickly as they came only to be replaced by other groups of visitors. To say that these tourists leave money behind, as the Americans and Europeans do, would be a gross mistake, for the Japanese tourists as a rule buy nothing nor do they visit the down town places.

In Soviet Russia the Japanese secret service was once quite active, even bold, but since last year, when the Soviets closed down the Bank of Chosen at Vladivostock and began their drive against the Japanese, the service had to work more cautiously. The Soviet authorities know well that every Japanese, irrespective of his station in life, is a potential spy, so they apparently plan to drive them all from Soviet soil. I hear that the last batch of Japanese residents in Vladivostock is about to go home, for the existing system of taxation has rendered it impossible for them to conduct any sort of business in Russia. When the last resident sails from Russia the General Staff will have to collect its data through the consular service only. That the Communist Russians mean business and know well how to work is exemplified by a tragedy which took place some two years ago in the Japanese Embassy at Moscow, when the Japanese military attache committed harakiri (suicide) as a penalty for his love of a Russian beauty, who turned out to be the agent of the G.P.U. and who succeeded in worming military secrets from the amorous Japanese attache. When related fully the story is the equal of any screen drama that ever came from Hollywood. In passing, General Tamon, commanding the Japanese forces at Harbin, has issued strict orders to his officers to keep away from Russian cafe-waitresses, as he regards them as working for the Soviets. The coming of the Japanese forces to the city of Harbin has therefore brought no boom to the restaurant-keepers of the city.

Another potential Japanese enemy, the United States, is also fairly well surveyed, especially those parts which border on the Pacific, namely, Hawaii, and the regions of the Golden Gate. San Diego and the Panama Canal.

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The domestic branch of military espionage—the gendarmery—, namely, the secret part of it, is organized along the lines of most Western countries. As stated, its task is chiefly concerned with the detecting of foreign spies engaged in collecting secret information about the Japanese armed forces. For that purpose they keep "stool-pigeons" at hotels, important restaurants, clubs, etc., who watch the movements of suspected persons. This service is especially active in the regions of fortified zones, where every foreigner is suspected of being engaged in some sort of subversive activities. To produce a camera is a crime which entails an endless trouble. "Stool-pigeons" are also placed in great foreign banking, shipping and commercial enterprises, having branches in Japan and China, who supply information relating to the activities of foreign countries in the fields of finance and commerce. In Shanghai the Japanese for years always have had such men in the offices of the leading American and British firms.

Secret Service and Radicals

The greatest task confronting the political secret service is the detecting of persons engaged in secret activities against the existing government system. The importance of this task has grown up in recent years where the activities of communists and other radicals have become sufficiently threatening to undermine the age long conception of monarchy and settled social order of Japan. There is every reason to believe that the activities of radicals will grow, inasmuch as the further industrialization of the country means a wider difference between the interests of capital and labor. That the class struggle is going to be acuter is seen also from the fact that, side by side with the up to date development of industry, we see such remnants of medieval ages as the holding of large tracts of the land by a privileged class of landowners, living entirely on the rent they receive from tenant-farmers. The distress of the Japanese peasant is so great that no day passes without some sort of uprising on their part, through which they try to give vent to their sufferings. It should be also remembered that farmers constitute the bulk of the Japanese nation, so the inroads of radical ideas into that highly patriotic class is a thing to be taken as a sign of the times.

While the Japanese farmers have been slow to join the fold of those holding radical ideas the Japanese laborers, students and intellectuals are leading the nation in that direction. This is realized by the Government which has placed detectives in every conceivable place in the struggle against radicals, mostly allegedly Russian financed communists. The latest report has it that the government has succeeded in arresting Koreto Kurahara, one of leaders of the Japanese communists, who only a year ago arrived from Moscow on a secret errand. He was living under an assumed named of Kiyoshi Tomita. That even the military circles are not immune from the inroad of leftist ideas is seen from the arrest of the son of Major-General Hayashi, killed in action at Kiangwangchen, Shanghai. The young man was arrested months ago while distributing inflammatory literature among the university students. All efforts to force him to repent have so far been futile; the young man persisting in sticking to his convictions, denouncing the present social order of Japan and Japanese militarism. His family is reported consider his behavior as a disgrace to its sterling reputation.

In a recent session of the Diet the Government succeeded in passing an appropriations of Yen 6,500,000 as a secret service fund for the fiscal year 1932-1933. This fund is Yen 600,000 more than the appropriation of last year, the increase being due to the enlargement of the Special Detective Bureau of the Metropolitan Police Board, the reason being due to the struggle against the radical movement. It should be pointed out that the sum of Yen 6,500,000 constitutes only the appropriation for the secret service of the Home Office and should not be confused with the funds allotted to the criminal investigation section and the secret services of the War and the Navy Ministries. As stated above, the funds of these two offices are never disclosed to the Diet or anybody else.

The ability of the Imperial Japanese Army to carry on for long periods without asking for special appropriations is supposed to be due to the long practiced policy of "hoarding" or conserving the so-called secret military fund for uses in times of extreme necessity.

Speaking of the methods employed by the secret service in its struggle against radicals it should be stated that, besides watching after their activities, the service has one more way, namely, it strives to create endless controversy among the laborers, which fact is solely responsible for the presence of so many proletarian parties. It means that the Home Office maintains paid agents among the very leaders of the labor groups of the country.

Having such a formidable machine as their own secret service, run without any interference from other state agencies and independent of the parliament, the war authorities are placed in a position where they can commit the government in any action by placing before it so-called "accomplished facts." The impregnable position of the General Staff in regard to the disbursement of war appropriations gives it a free hand in everything, such as that exemplified by such incidents as the bombing of Marshal Chang Tso-lin, Massacre of Chinese in Korea and the September 18 incident at Mukden. In the next war, irrespective with what nations it may be, the Japanese secret service is going to play a foremost role—this is evident from the structure of the Japanese war machine.

Harbin, May 12, 1932.

Community Church Issues Annual Report

The Community Church of Shanghai during the week issued its annual report for the year 1931. The report of the Treasurer (L. K. Little) shows that receipts totalled $26,619.99 and expenditures $22,966.82, of which $7,200 represents the pastor's salary. W. W. Lockwood, chairman of the Tenth Anniversary Advance Committee, reports that this committee was launched in January, 1931, with the double purpose of wiping out the overdraft amounting to Tls. 25,500, and of securing Tls. 25,000 for the building of a manse. In the annual drive which followed, members and friends of the church were asked for two contributions, one toward the current budget and the other toward the 10th Anniversary Advance projects. This canvass resulted in securing the budget for the year, in cancelling the overdraft, and in giving a good start on the manse fund. As regards the manse, it is recorded that as a result of the united efforts of all, by the end of 1931, after allocating the balance on current account to the Manse Fund, the committee had in hand, or in reliable pledges, a little more than the estimated Tls. 25,000 required.

A report made by C. W. Philleo, chairman of the finance committee, includes an analysis of subscriptions made by church members.

The pastor of Community Church is the Rev. Emory W. Luccock. The governing board of the Church is constituted as follows: Dr. J. C. McCracken, chairman; G. W. Philleo, vice-chairman; Mansfield Freeman, secretary; L. K. Little, treasurer; Mrs. R. C. Beebe, W. W. Lockwood, Capt. Hugh McKinnon, P. H. Dunbar, Mrs. P. R. Josselyn, T. R. Johnson, E. S. Wise and W. Y. Lee.

Lindbergh Baby Found Dead Within Few Miles of Home

The dead body of the kidnapped child of Col. Charles A. Lindbergh was found in a woods near Mount Rose Hill, near the Lindbergh estate, May 12, by a negro truck driver who had stopped his vehicle and sauntered into the brush. The baby's skull was fractured on the left side, the fracture extending from the top to just behind the left ear. A second blow dealt on the right side of his head just back of the right ear, left a hole half an inch in diameter. The child had evidently been killed on the day of its abduction. The investigations made since the abduction and particularly since the finding of the body have uncovered a trail of racketeering and corruption of astounding proportions.

Chinese Employees of Japanese Cotton Mills in Shanghai Resume Work

Further batches of Chinese workers, both men and women, returned to work at Japanese cotton mills during the week after having been idle for approximately five months, their inactivity partly being caused by the suspension of Japanese mills during the Sino-Japanese hostilities. The Work Resumption Arrangement Committee of the Shanghai District Cotton Mills, at a meeting held May 15 decided that it would be to the best interests of the workers if they resumed of their own accord.

The Arch-Conspirator Who Framed the Plot*

(*Written for the Manchester Guardian*)

WHEN the writer arrived in Mukden last September a few days after the Japanese *coup d'etat*, he heard whispered about the name of a Japanese military officer who allegedly had been responsible more than any other man for the daring plan that resulted in the Japanese occupation. The man was Col. Doihara but to the writer's knowledge no foreign newspaper correspondent ever succeeded in obtaining an interview with the mysterious and elusive Colonel.

From that time on the name of Col. Doihara has frequently appeared in the news reports, but never connected with a direct interview or anything more than rumor that he had been involved in the Tientsin incidents of last November and the alleged abduction of the Manchu "Boy Emperor" Pu-Yi and similar events. Latest mention of Col. Doihara's name was in connection with Japanese military activities at Harbin on February 5. Once there was a report that he had been recalled to Tokyo and demoted, but apparently this was not correct.

A few days ago various Chinese organizations in Tientsin published a lengthy report entitled, "Memorandum on the Disturbances in Tientsin of November, 1931," and here we find for the first time a connected report on the activities of Col. Doihara, Japanese military officer who allegedly has been the central figure in Japanese intrigue in North China and Manchuria for many years. Linked with the activities of Col. Doihara also appear the names of other high Japanese military officers such as Gen, Honjo, Commander-in-Chief of the Japanese forces in Manchuria; Gen. Araki present Minister of War in the Tokyo Cabinet; Gen. Minami, former War Minister; and Gen. Shirakawa, Commander-in-Chief of the Japanese forces at Shanghai, but Col. Doihara remains the central figure.

The Tientsin Disturbances

According to the Chinese report, which was handed to the League Commission, the so-called Tientsin disturbances of November last year coincided with the arrival in that city of Col. Doihara, a Chinese-speaking Japanese officer, "who has more Chinese acquaintances probably than any living Chinese in active political life." Continuing, it stated that even when Doihara was an assistant Military Attache in the Japanese Legation in Peking many years ago, he was looked upon as an authority on men and affairs of China, even in far distant sections of the country. Always he had been associated with Gen. Honjo, either at the Japanese Legation in Peking or in Manchuria.

The Tientsin disturbances, the Chinese account of which coincides generally with the reports compiled by foreign military attaches, apparently had two objectives: First, the unseating of Marshal Chang Hsueh-liang as military dictator of North China, which would have caused serious embarrassment to Gen. Chiang Kai-shek at Nanking; and second, the restoration of the Manchu Emperor Pu-Yi to the Dragon Throne in Peking rather than in Manchuria. According to the plan which the Chinese claim was formulated by Col. Doihara in association with certain Chinese reactionary groups such as the Anfu Clique, Emperor Pu-Yi was to be "restored" to power in Peking, thereby creating a government which would be favorable to Japan and thus enabling Japan to make an advantageous deal on the Manchurian issue.

The Tientsin revolt against Marshal Chang Hsueh-liang, which broke out in the district adjacent to the Japanese military barracks on the night of Nov. 8, was made possible through the utilization of soldiers who previously had served under the banner of Gen. Shih Yu-shan. After Shih Yu-shan's defeat his troops had been disbanded and according to report had wandered to Tientsin where Col. Doihara allegedly had provided them with arms and refuge within the Japanese military barracks. On the night of Nov. 8 these men, dressed in civilian costume had rushed out into the Chinese city and began firing their rifles and pistols indiscriminately. The Chinese authorities immediately mobilized their forces and dispersed the gang, only to have the same thing happen again on the succeeding night and so on, the disturbances always breaking out adjacent to the Japanese Concession. However, these disturbances which finally were completely suppressed by the Chinese authorities, were only incidental to the larger plot which involved the Boy Emperor Pu-Yi.

The Abduction of Pu-Yi

On the night of Nov. 10 the Chinese Commissioner of Public Safety received a report that a launch with some dozen Japanese in uniform on board was steaming down the river in the direction of Tangku. Ordres immediately were issued to intercept the launch, but the Chinese were fired upon and permitted the launch to pass. It is claimed that this launch carried Emperor Pu-Yi out of Tientsin where he had received refuge in the Japanese Concession, to Tangku where he was placed aboard a Japanese gunboat and transported to Dairen. Allegedly this action was taken after the Japanese realized that the "revolt" against Marshal Chang Hsueh-liang had failed. Succeeding disturbances in Tientsin which occurred later in the month were only for the purpose of distracting attention of the public from the main events. Some claimed that the original Japanese drive from Mukden toward Chinchow, which was mysteriously called off, was also connected with the Tientsin disturbances, the Japanese using this as a pretext for the occupation of the Peiping-Mukden railway and Chinchow, but claiming, of course, that their object was to send troops from the Mukden garrison to the relief of the Japanese community in Tientsin.

But to get back to Emperor Pu-Yi and Col. Doihara, the Chinese claimed that Pu-Yi's absence from his residence in Tientsin was definitely known on the morning of Nov. 11. A German physician who had been called in to attend Pu-Yi on the early morning of Nov. 10 reported that Pu-Yi

* There are five names of high Japanese military officers which stand out prominently in connection with Japan's present policy of aggression in China. They are, Col. Doihara, for many years a resident military officer or "spy" stationed in various North China cities; Gen. Araki, present War Minister; Gen. Minami, former Minister of War; Gen. Honjo, present Commander-in-Chief of the Japanese forces in Manchuria; and Gen. Shirakawa, who commanded the Japanese forces at Shanghai. All of these men have at one time or another been connected with the Japanese Legation in Peiping or with the headquarters staff in Mukden. This article shows how these five men, working over a period of practically twenty years, finally succeeded in precipitating the present Japanese military adventure.

had told him that the Japanese were bringing strong pressure on him to leave his residence but that he had refused. Late that night, after other efforts had failed, the water and electricity supplies to Pu-Yi's house were cut off. What happened after that is not known, but Pu-Yi and Col. Doihara shortly afterward turned up in Dairen and Pu-Yi was taken to the Japanese fortified zone at Port Arthur. It was then that rumors began to fly about in Mukden that Pu-Yi was to be restored to power in Mukden, the first rumored date being Nov. 16, this date being important since it coincided with the meeting of the League Council in Geneva. But the Japanese Cabinet is supposed to have put its foot down on this plan because of its too obvious character, one reason being that Mukden was the headquarters of Gen. Honjo, and it was not desired at that time to link up the Manchu restoration too closely with the activities of the Japanese Kwantung Army. Pu-Yi actually was not inaugurated at Changchun until March 9 of this year, on which occasion he made the significant admission that, "on account of the Tientsin disturbances he had to seek peace at the seaside."

The Chinese report then devoted several paragraphs to the activities of Col. Doihara, who is described as "one of the arch Japanese plotters" who, in association with Gen. Honjo, has been active in China almost continuously for twenty years. Where Doihara received his excellent Chinese education is not stated but he first became known in Peking as Assistant Military Attache under Honjo. Prior to that he had served for a number of years as an adviser to the Chinese Ministry of War, his employment having been recommended by the Japanese, War Minister in Tokyo. After the fall of the Anfu Clique composed of northern Chinese generals who had received Japanese financial support to the extent of more than $300,000,000 Chinese dollars (Nishihara loans) duirng the course of the World War, Col. Doihara was alleged to have assisted one of the leading Chinese militarists to escape from Peking to the Japanese Concession in Tientsin. When the Anfu cabinet was overthrown, practically all of the members fled into the Japanese Legation compound and remained there for several months. One general, Hsu Shu-tseng, for whose arrest the Chinese offered a reward of $50,000, was spirited out of Peking by Col. Doihara, the Chinese militarist being concealed in a hamper of soiled linen which was sent to Tientsin for laundry purposes. An interesting coincidence was that Gen. Minami, who was Minister in Tokyo at the time of the Mukden *coup d'etat* last September, was Commander of the Japanese garrison in Tientsin at the time of the downfall of the Anfu Clique and the real beginning of Col. Doihara's sensational activities. We thus have linked the names of four leading Japanese war-lords, Minami, Araki, Honjo and Doihara, all being intimately connected with Japanese high military politics in north China, Manchuria and Korea for at least two decades. A fifth Japanese commander, who figured largely in the Japanese intervention at Shanghai, Gen. Shirakawa, was also concerned in another of the major escapades of Col. Doihara at the time of the Kuo Sung-ling rebellion against Marshal Chang Tso-lin which occurred several years ago. Gen. Shirakawa was at that time commander of the Japanese garrison in the Kwantung leased area in south Manchuria.

This incident occurred in 1924 and Kuo Sung-ling undoubtedly would have succeeded in unseating the Mukden Marshal had it not been for the Japanese mobilizing their forces in Mukden, thus enabling Marshal Chang to defeat him without difficulty. Gen. Honjo at that time was an adviser to Chang Tso-ling, but owing to strong criticism which was made regarding the Japanese participation in the fight against Gen. Kuo Sung-ling, Honjo resigned and his place was immediately taken by Doihara. Later on Doihara allegedly had too intimate knowledge of the bombing of the military train at the Mukden viaduct which resulted in the death of Marshal Chang, for him to remain in Chinese favor; hence one of Marshal Chang Hsueh-liang's first official acts after succeeding to the office of his father, was to liquidate Doihara's contract as military adviser to the Mukden government. But Doihara did not remain away from Mukden for long for when Honjo was appointed Commander of the Japanese Kwantung forces early in 1931, he immediately made Doihara his chief intelligence officer. Shortly afterward Doihara was detailed by the Tokyo General Staff to make a three-months' investigation of conditions in China and spent considerable time in Tientsin, following which he returned to Tokyo.

According to reports in the *Manchuria Daily News*, organ of the South Manchuria Railway, published in Dairen, it was Col. Doihara who carried the secret instructions from Tokyo to Gen. Honjo which gave Honjo full discretionary powers to act in Manchuria—which instructions were responsible for the Mukden *coup d'etat* on the night of September 18 last, and the beginning of the Sino-Japanese conflict.

In order to carry on such widespread intrigue much money is required. The answer to this was provided in the course of a recent debate in the Imperial Diet when a question was raised regarding the expenditure of the military "secret fund," amounting to 6,500,000 yen annually. The War Minister, Gen. Araki, replied that the money had been expended in the "usual manner," but since there is no constitutional control over such expenditure, the subject was dropped.

Soviets Deny Reported Eastern Troop Concentration

The *Tass* News Agency emphatically dênies a report appearing in the *New York T.mes* alleging an intention on the part of the Soviet Government to concentrate 250,000 troops in Eastern Siberia, and stating that "feverish preparations" are under way in connection with such troop movements. It is officially stated that the U. S. S. R. neither has despatched nor intends to despatch any such troops, but will continue conducting its policy for the firm maintenance of peace both as regards Japan and Manchuria.

Japanese Comment Becomes More Sober

Writing in *Izvestia*, official organ of the Soviet Government, Karl Radek, noted Soviet journalist, comments on the existing situation of Soviet-Japanese relations. The slogan: "We will smother them with our hats," accompanied by tales of enthusiastic welcomes accorded the Japanese occupants of Manchuria, says the writer have made room for a realization that the conquest of Manchuria requires much time and considerable effort.

"We are now observing," declares Radek, "a noticeable sobering in certain Japanese quarters in the matter of the estimation of the military situation in Manchuria."

Democratic Leader Favors Establishing Closer Relations with Soviets

Joseph Robinson, leader of the Democratic Party in the U. S. Senate, has declared himself in favor of the establishment of normal diplomatic and trade relations with the U. S. S. R.

"I am of the opinion," Senator Robinson is quoted as saying, "that the question of establishing relations with the U.S.S.R. should be considered without any further delay, for undoubtedly such a step would make for friendly international relations and also stimulate our foreign trade. Recognition of the U.S.S.R. does not, in my opinion, imply agreement with the political principles of that country. It would merely mean the recognition and adoption of the generally-accepted principles of international law, and also recognition of the fact that only by increasing our export trade will we be able to cope with the unemployment situation."

Mr. de Valera Stands Firm on Abolition of Oath

Mr. de Valera, President of the Irish Free State, in a statement at Dublin May 12, drew a parallel between the Free State and other British dominions. "No one would venture to suggest," he said "that the British and Canadian Parliaments could not abolish parliamentary oaths if they chose. The Irish Free State Government has received a mandate to abolish the oath from the only people whom the question really concerns and no threats from outside and no misrepresentation of the facts can deflect the Irish Free State Government from its course."

An International Spy's Legacy to China

A recent message from Rome stated that the legacy of $250,000 bequeathed to the Chinese Republic for the purpose of "fighting the white race" by the international spy, Basse, who died recently at Bozen, has been attached by order of the Bozen court pending the outcome of the litigation over the fortune. Basse's relatives claim that his will is invalid, contesting it on the ground of insanity. The Chinese Legation in Rome which had already taken possession of the money has returned it to the trustee appointed by the Bozen Court.

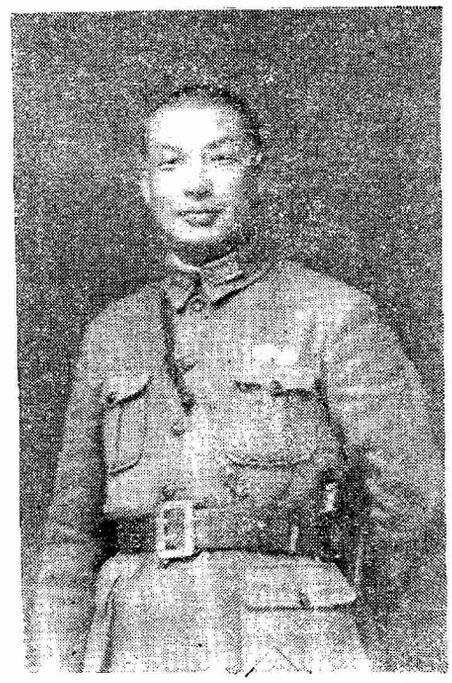
The Role of the 5th Army in the Shanghai Defence

BY HOH CHIH-HSIANG

I SUPPOSE that many who have followed the recent Shanghai war situation must have heard of the battles of Kiangwanchen and Miaohangchen, but it seems that few have had any detailed knowledge of the fighting involved in those bloody engagements and of the units of Chinese forces who opposed the Japanese troops in that sector of the Shanghai war front. The men who bore the large share of the fighting and claim the honor of having put up a heroic defence belong to the 88th Division of the 5th Army. It is for the purpose of giving a fairly complete record of the activities of the 5th Army in and around Shanghai that this article is being written, based upon information obtained from personal interviews with high commands of the Army—Gen. Chang Chi-chung, the Commander, Gen. Tsoh Shao-chow, the Chief of Staff and Gen. Yu Chi-shih, Commander of the 88th Division.

The 5th Army was organised shortly after the outbreak of the Shanghai Affair on Jan. 28 last and was dispatched to Shanghai to reinforce the units of the 19th Route Army in the middle of February. The Army at the time of its formation and during its participation in the fighting at Shanghai consisted of the 87th and 88th Divisions, the Cadets Corps of the Central Military College and one battalion of the Independent Field Artillery Regiment. The 87th and 88th Divisions were formerly the 1st and 2nd Divisions of the National Guards which were organised and personally trained by Gen. Chiang Kai-shek and are considered the best equipped units in China. Gen. Chang Chi-chung, Chief Instructor of the Central Military College, was appointed Commander of the Army and concurrently Commander of the 87th Divison, while Gen. Yu Chi-shih, formerly commanding the 2nd Division of the

Gen. Chang Chi-chung, Commander of the 5th Army and concurrently Commander of the 87th Division.



Gen. Tsoh Shao-chow, Chief of Staff of the 5th Army.

Gen. Yu Chi-shih, Commander of the 88th Division.

Gen. Wang Chin-chiu, vice-Commander of the 87th Division.

Gen. Li Yen-lien, Vice-Commander of the 88th Division.

Gen. Hsuan Ti-wu, Chief of Staff of the 88th Division.

National Guards, was transferred as commander of the 88th Division. In addition to the above, there was one Independent Brigade under the ill-fated Wang Keng attached to the 88th Division, but according to Gen. Yu, during the fighting in Shanghai, this Brigade was placed under the command of the 19th Route Army.

The 88th Division was stationed at Hangchow, when the Shanghai trouble broke out. It received the order of mobilization on Jan. 31 and moved up to Soochow on Feb. 5, marching by way of the Shanghai-Hangchow line to Kashing and thence proceeding to Soochow by way of water. On Feb. 6, it was instructed to push up to the outskirts of Nanziang to be concentrated there as the general reserve to the 19th Route Army. The main body of the 87th Division was then at Nanking, but one brigade—the 259th Brigade under Gen. Sun Yuan-liang was stationed at Kweiteh in Honan province and was transferred to Pukow for garrison duty just on the day of outbreak of the Shanghai affair. As the situation become more and more serious at the front, the entire Division was also ordered to push up to Soochow on Feb. 14 and advance to Nanziang on Feb. 16.

Between Feb. 16 and 17, all units of the 5th Army received further orders to advance to the front and take over part of the defence of Shanghai from the 19th Route Army. The 88th Division was assigned the defence of a three-mile line extending from Kiangwanchen, passing through Miaohangchen up to the southern bank of the Wentsopang creek. The 87th Division took up the defence of the line from Hukaichwang along the northern bank of Wentsopang Creek passing through Tsaokaichiao up to west end of Woosung. The Cadets Corps was entrusted with the defence Szetseling, Chuanshakou, Liuho, Yang-lingkou and other points along the Yangtsze River. The Divisions of the Army completed the taking over of the defences on Feb. 18 and on the same day, Gen. Chang Chi-chung was made the field-commander of the Left Wing of the Shanghai Defense Force (Gen. Tsai Ting-kai being the Field-Commander of the Right Wing) with the Field Headquarters at Liuhang.

The defence of this extended line proved to be a most arduous responsibility due to the unfavorable geographical conditions. Unlike Chapei where the crowded houses formed excellent shelters, the districts included in this defence area are for the most part open field dotted with little farm houses here and there and were most easily subject to artillery attacks. Taking advantage of the lull during the days between Feb. 17 and 19, when the Japanese reinforcements had just landed but had not yet taken up their positions at the front, the defence units of the 5th Army hastily fortified their assigned areas, especially at the Kiangwan-Miachangchen sector and prepared themselves for the long heralded offensive as planned by Japanese Lt-Gen. Uyeda. On the morning of Feb. 20, following the categorical rejection of the Japanese demands contained in their ultimatum to Gen. Tsai Ting-kai and the breaking down of further peace negotiations, the expected general offensive on the 5th Army was launched by the freshly landed Japanese troops. A heavy artillery fire supplemented by two squadrons of air bombers opened the attack and furiously bombarded the Chinese defence positions. Woosung and Miao-hangchen formed the special targets of the terrific artillery bombardment. Under the cover of the artillery fire, the infantry units of the enemy force numbering over 3,000 pushed forward towards the Chinese fortified areas and heavy fighting immediately ensued. The defense units of the 88th Division entrenched in their positions patiently sustained the Japanese onslaught and offered the most stubborn resistence, relying mainly on machine guns, rifle fire and hand-grenades. The Japanese advancing parties continued to attempt to push forward, but the well-trained and concentrated fire steadily checked their advance. At times, the two opposing forces came into close grips and fought a hand-to-hand fight. Thus serious fighting lasted for two days and nights, entailing heavy casualties on both sides but with the Japanese advance held in effective check.

Gen. Chang Chi-chung, Commander of the 5th Army and concurrently Commander of the 88th Division, received pressmen at Changshu front. Right to Left: Col. Chang Tao, Director of Staff Office of the 5th Army; Gen. Chang Chi-chung; Mr. Hoh Chih-hsiang, Reuiew's war correspondent at the front and Mr. Liu Tung, Correspondent for the China Times, a Chinese daily in Shanghai.

Gen. Chang Chi-chung given great ovation by the Public Bodies of Chanshu during his recent visit to that city. Left to Right: 1. Col. Liu Kwang-han, Director of the Adjutants' Office of the 5th Army. 2. Gen. Tsoh Shao-chow, Chief of staff of the 5th Army. 3. Gen. Chang Chi-chung. 4. Col. Chang Tao, director of the Army's Staff Office.

Failing to break through the Chinese defence from the center position, the Japanese suddenly changed their tactics on Feb. 22, when they concentrated a whole day artillery fire on Miaohangchen and its surrounding districts to the south in a determined effort to penetrate the defence of the 88th Division. It was estimated that during the hours between 1 and 4 a.m. on the 22nd, over 5,000 shells were fired by the Japanese, totally destroying the hastily-constructed Chinese fortifications. The fighting became furious hourly as the day advanced towards the morning and casualties were mounting on both sides. Despite the heaviest land artillery fire and airbombing from above, the defence units of the 88th Division fought heroically and continued to hold their own. However, owing to the complete destruction of their defence works, the units at Mukaichih a little south of Miaohangchen weakened after a whole day's continuous fighting and one point was broken in by a large enemy detachment late in the afternoon. For a time, the situation was very critical and the entire defence line was in danger of collapsing. Just at this critical moment, Gen. Chang Chi-chung, commander of the Army, and Gen. Li Yen-lien, vice-commander of the 88th Division rushed to the front at the head of a detachment of the Cadets Corps and personally directed a counter-attack on the invading Japanese. Severest fighting developed at this moment resulting in the largest number of casualties which the 88th Division suffered. In order to recover the lost position at all costs, Gen. Chang ordered a combined attack on the enemy from the three directions, Brigadier-Commander Gen. Sung of the 87th Division commanding four battalions launching an attack on the flank from across the Wentsopang Creek, Vice-Commander Chang Yen of the 61st Division leading a detachment of four Regiments from Tsohyuanteng to assualt the enemy from the right with Gen. Yu Chi-shih and Gen. Li Yen-lien commanding the Cadets Corps conducting a counter-attack on the front. As a result of this joint offensive, the Japanese were forced to give in after putting up a stiff fight and finally were dislodged from their occupied points at midnight. The main body of the invading Japanese was put to rout, while only a small portion of the remnants continued to stage a desperate fight —which was finally surrounded and suppressed by the Chinese troops, thus ending in the utter failure of the Japanese orginal plan of breaking through the Chinese line at the Kiangwan-Miaohangchen sector and cutting off the link of the Chinese forces between Woosung and Chapei. The battle of Kiangwanchen and Miaohangchen which lasted for fully three days and nights was one of the bloodiest engagements during the entire fighting in and around Shanghai and marked the conclusive failure of the initial test of the Japanese land forces in Shanghai. The brilliant and heroic defence put up by the Chinese troops poorly equipped and outnumbered as they were exposed to the world the incompetence of the Japanese Army and inefficiency of the Japanese over-confident modern military equipment. It was estimated more than 15,000 Japanese troops participated in the fighting during this extended and sanguinary battle and with all their modern artillery and air bo mbers, failed to dislodge one Division of Chinese troops after sustaining heavy casualties estimated at over 4,000. However, on the part of the Chinese defence, the honor of putting up a notable resistance against a vastly superior force was won not without great sacrifice and serious casualties also resulted, mainly from the Japanese artillery fire and ruthless air bombardment.

Owing to the heavy losses during the past three days, especially on Feb. 22, the Japanese had to bring in more reinforcements to replace casualties and, pending their arrival, they had to be contented with holding their positions. Although intermittent fighting continued and repeated attempts made to break up the Chinese concentration, the Japanese failed to make any appreciable progress.

On Feb. 28, two Divisions of Japanese reinforcements under the command of Gen. Shirakawa arrived and opened a general offensive on the entire defence line of the 5th Army. The men and officers of the 88th Division which rested for one day on Feb. 25 again took up their positions at the Miaohangchen front, while the regiments of the 87th Division defended the northern bank of the Wentsopang Creek. A continuous artillery fire lasting for three hours was concentrated on the Chinese positions and in the meantime, a large force of over 4,000 infantrymen forged ahead, sweeping their advance with machine gun and rifle fire. The Chinese defence continued to offer the stiffest resistance and after a 3-hour heavy fighting, drove back the Japanese advancing parties behind their own defence.

The morning of March 1 witnessed a sudden change in the situation. Shortly after daybreak, the entire Japanese forces including the newly-arrived Divisions and the remnants in Shanghai got into action and launched a simultaneous attack on the entire Chinese defence line extending from Chapei to the farthest points along the Yangtse fronts. On the one hand, part of the Japanese troops made a feigned artillery attack on Chapei, Paitsi-chiao (Eight Letters Bridge) and Wentsopang to hold the attention of the Chinese defence, while the main Japanese force concentrated an attack on Yangchialou and Tsohyuan-teng south of Miaohangchen. The Japanese airbombers were particularly active that day and conducted a most entensive air raid on the Chinese defences, bombarding the Chinese positions everywhere, especially the fortifications along the Yangtse month. Large parties of Japanese marines attempted to land at Szetseling and Chuanshakou with rafts, but were repulsed. About 7 o'clock in the morning, one full Division of Japanese troops aboard 20 war vessels made a surprise attack on an unguarded point—Lupingkou located between Yanglingkou and Chiya-kou on the Yangtse front and succeeded in getting ashore by means of rafts. As soon as they landed, they proceeded to occupy Fuchiao and Hsinchin and several other strategic points. The small defence force at Yanglingkou and Chiya-kou consisting of less than one battalion of the Cadets Corps was utterly outnumbered and almost surrounded. Despite piling casualties, this handful of defence guards heroically opposed the Japanese advance and fought desperately. After severe encounters under the heavy shell fire, the unit was greatly decimated and the remnants had to yield ground and withdraw to Liuho to wait for reinforcements, leaving the Japanese in effective occupation of both Yanglingkou and Chiyakou. Owing to the bad road conditions and lack of means of conveyance, the dispatch of reinforcements to Liuho was very difficult and could not be accomplished with any speed. Fortunately, one battalion managed to get to Liuho and assisted the remnants of the Cadets Corps in holding the point against the Japanese occupation. While fighting was still raging at all fronts, Gen. Chiang Kwan-nai, Commander-in-chief of the 19th Route Army and other high Commanders of the Army suddenly decided upon a change of tactics and ordered a general withdrawal of all the Chinese defence units at the front into the second defence line in preparation for a long-drawn out resistence. The Divisions of the 5th Army first retired to Taitsang and later to Changshu, where the Army is now stationed.

19th Route Army Continues to Garrison S.-N. Railway

A recent Nanking message stated that the 19th Route Army under General Chiang Kwang-nai will continue to assume responsibility for the garrisoning of the Shanghai-Nanking Railway, to which it was assigned before the outbreak of hostilities in Shanghai. The 61st Division will be stationed along the Nanyang-Chinkiang section of the Line with headquarters at Chinkiang; the 60th Division will guard the Changchow-Wusih section with headquarters at Changchow; while the 78th Division will garrison the Railway east of Wusih with headquarters at Soochow. The Headquarters of the 19th Route Army will also be in Soochow. The three units will move to their respective posts as soon as the other Government divisions recently transferred to these areas depart. The 4th Division under General Hsu Ting-yao, stationed since the Sino-Japanese trouble at Lungtan, midway between Nanking and Chin-kiang, has been instructed to leave for Chuchowfu, western Chekiang.

New Land Investment Company in Hongkong Has American Financial Adviser

The official opening took place on April 30 of the Chinese Merchants' Land Investment and Construction Company, Ltd., at Hongkong. E. D. Shank, an American citizen who is the financial adviser to the company, told press interviewers that the company was the aftermath of the China-America Company and the Hongkong Engineering Construction and Pile Driving Company, which were organized on behalf of the Chinese Merchants' Association of Canada, the United States and South America. The aim of the company, said Mr. Shank, was to advance the prospects of returned Chinese who had been working for many years in these countries; also, to endeavor to house them and provide modern sanitation in villages. Mr. Shank added that the company's capital of $1,000,000 was now fully subscribed.

Japan's Militarist and Fascist Revolt*

BY KURATARO HIROSA

(Translated by Motoichiro Takahashi for the Christian Century)

THE problem of Japan's actions in the Manchurian conflict and the Shanghai incident is now being discussed in the meetings of the League of Nations and elsewhere. Most that is said, however, is superficial and does not touch the heart of the problem. Since these disputes have arisen Japanese magazines and newspapers have been under military surveillance. There has been no free speech. The progress of the conflict and of world opinion has been falsified to the Japanese people. Their eyes have been blinded, their ears stopped. But the truth cannot long be hid. It has gradually become clear just what was the plan of Japan's military aggression against China. The Japanese military is trying to rationalize its actions by reference to the killing of Captain Nakamura, the blowing up of a section of the South Manchuria railway, the firing by the Chinese without notice, and so forth, but all intelligent men are now able to see through these excuses to an understanding that these disputes have occurred in pursuance of Japan's imperialistic policy. It is, however, not quite so clear that what led to these particular disputes and to the precipitated military action was Japan's own internal policy. It is this point which we wish to make clear through this report.

Civil Government vs. the Military

The most characteristic feature of Japanese political history is the long dispute between the civil government and the military. The military is an independent entity, i. e., independent from the civil government. Except to consult the diet about its budget, the military does not tolerate any interference from any other departments of the government. Its functions are not only the superintendence of the army, and mobilization, but it has special political functions also. These are destructive of the civil policy, and have consistently put obstacles in the way of all political evolution by casting a special net of authority over Japan's colonies and semi-colonies. These functions of Japan's military are comparable to those of the Russian army under the tsar, and of the German army under the kaiser.

The constitution of Japan was modeled after the old German imperial constitution, of which the chief matters that concern us now are that the powers of parliament are very limited. The parliament or diet has no right either to authorize or veto the declaration of war and peace. And the army is independent of the civil government and the latter has no responsibility for the army's orders. The parliament or diet has no power over the army. This constitutional basis leaves the army free to act with very little limitation. Let us note two or three recent illustrations of how the army has acted as the enemy of democracy.

1. Although the deflation policy of the *minseito* cabinet, until recently in power, made the nation's budget very small indeed, it was not possible to limit the budget of the army and navy, with the result that sixty per cent of the entire national budget went for army and other military expenditures.

2. The military came out in open opposition to the London naval agreement on the ground that the civil government had no right to make an agreement in London without consulting the army and in violation of their right of direct appeal to the emperor.

3. The military authorities are always rallying feudalistic and reactionary members of the diet, leading and exciting them, and causing unwelcome affairs which demonstrate their reactionary, destructive force.

4. Through the whole regime of the *minseito* cabinet, the policy of the military with reference to the government of colonies and semi-colonies worked directly against the policy of the civil government. Moreover, the colonial policy of the military, being chiefly militaristic, disregarded the interests of economic progress.

The Manchurian Conflict

The Minseito cabinet was chiefly concerned with the promotion of so-called economic policies, and tried to reconstruct Japanese colonial policy to this end. This effort inevitably led to conflict with the military. The concentrated expression of such conflict is the Manchurian incident.

Manchuria was the scene of the Russo-Japanese war. It is the *sine qua non* of the "Great Eastern empire" of which the military man dreams. Moreover, it is the much needed economic base for the war with America which is also among Japan's military aspirations. The army has long felt these things instinctively, and has wanted to get Manchuria into its hands. Meanwhile the minseito cabinet was expressing its economic principles without any such interests or aims, and the Chinese nationalists were beginning their new movement, also without knowledge of the ambitions of the Japanese army.

The policy of the minseito cabinet with reference to Manchuria was to eliminate the dilemma of its four separate administrative authorities: 1. the presdent of the South Manchuria railway; 2. the Japanese consul-general at Mukden; 3. the director of the Eastern Provincial army. The minseito cabinet desired to bring together into one unified organization these four centers of authority and to have the cabinet supervise it. They began by appointing as president of the South Manchurian railway a man who is most liberal in his opposition to the military, Mr. Sengoku. This promptly precipitated the conflict between the two factions of Japanese government, civil and military.

Succeeding the very reactionary and militaristic Tanaka cabinet, the minseito cabinet or, as it was called, the cabinet of the Mitsubishi interests, held a close relation to the wealthy bourgeoisie, and yet adopted relatively progressive policies. After etsablishing the gold embargo policy and receiving the hearty support of the wealthy economic interests, this cabinet became very bold and commenced an aggressive struggle with the obstacles to bourgeois control of Japanese policy. The mightiest obstacle to this bourgeois supremacy is the military, the central feature of reactionary feudalism still existent. The minseito cabinet therefore came into inevitable conflict with the military traditions of the land.

Minseito Policy

The influence of the military is on the wane in Japan. One reason for this decline is the astonishingly bad policy of the militaristic Tanaka cabinet. More general considerations are the worldwide movement for disarmament, the hope for the reorganization of the military system, the wish to decrease the military budget, and so forth. Because of these practical considerations and the developing anti-militaristic tendency among the Japanese people, both the political and the social status of the military is definitely declining.

Thus it was that the minseito cabinet began to "oppress" the military by means of the proposed disarmament and through the reorganization of the Manchurian policy. The world disarmament conference was near at hand, and it became evident that the civil government intended to make disarmament operative against the military in the name of that international conference. If this movement were not nipped in the bud the military, the government of governments since the Meiji era, would most certainly be forced off the stage of history.

Such was the situation of the military just before the Manchurian incident of 1931. Even before that there

* This is the most revealing and important article to come out of Japan since the beginning of the present hostilities. It is significant that it should have been written at all, and even more significant that it should be openly signed by its author, who is the leader of the Japanese Anti-war federation, and its translator, who has recently joined Mr. Kagawa as a worker for peace.

were several secret associations of field and company officers which took part in politics and persisted in unlawful activities. The leading spirits of these associations today are wholly fascist. Moreover, the social democrats, the right of the proletarian parties organized only a few years ago, has also become in part fascist. Their policies have come to embrace aggression outside of the country and state socialism within Japan. Thus the army got control of both the right of the remnants of feudalism and the left of socialistic fascism.

Attack on the Cabinet

Having acquired such power, it was natural that the military should make a counter-attack on the minseito cabinet in order to reassert its authority. The militarists therefore set about causing foreign disputes, beginning military actions, and thus attempting to make possible a military dictatorship. First they tried to incite an insurrection among the Chinese. There were existing differences between the Canton and the Nanking governments, and the near possibility of war. Mr. Koiso, the leader of the Japanese fascists in office, sold enormous quantities of ammunition and weapons to Canton and tried to get them delivered to that city. The foreign office of Japan, however, would not consent to such a culpable deed, and there began an inner conflict in Japan over this question. The civil government took drastic action, the ship on which the munitions were being carried to Canton was captured. Then Eugene Chen came from Canton to Tokyo in an attempt to create an understanding of the Canton position, asking that the weapons might be permitted to go to Canton unmolested. This appeal was unsuccessful.

Then the Japanese fascists statred to work upon the military in north China, and eventually Mr. Yuzo Seki began to fight with Chiang Hsueh-liang. For lack of budget, this project did not succeed. The minseito cabinet supported the Nanking government and Chiang Hsueh-liang, and consulted with them as to an agreement about Chinese policy in general and Manchurian policy in particular. Meanwhile the Japanese military was putting up a vigorous opposition. Such indirect means were not successful, however, and the military made up its mind to interfere directly in Manchuria.

Seizure of Manchuria

Making the Wanpaoshan affair between Chinese and Koreans, the death of Captain Nakamura, and other such circumstances the means of exciting hatred against the Chinese, the military conducted a campaign of widespread propaganda. Finally, just when the effect of all this was at its peak, and ostensibly because of the bombing of the South Manchurian railway by Chinese soldiers, the military on and after September 18, 1931, took possession of Manchuria. That this was premeditated is evident from the fact that within a few hours of the taking of Mukden most of the important cities of Manchuria were in the hands of the Japanese military and that the order for mobilization had been issued in Japan on the 13th of September.

Since September 18 the most prominent facts have been the taking of Chinchow and the *coup d'etat*. Why did the military capture Chinchow? Because between the minseito cabinet and Chiang Hsueh-liang there began to appear a basis of political agreement, and the military wanted to defeat such tactics. At the end of October, 1931, the military and the fascists tried to bring about a *coup d'etat*. They aimed to assassinate certain statesmen of the civil government and to grasp authority. Their plot was discovered, however, and did not succeed. Among the men marked for assassination were Prince Saionji, the genro, Count Makino, Premier Wakatsuki, Baron Shidehara, Junnosuke Inouye, and others.

The *coup d'etat* was unsuccessful. Social and political unrest greatly increased. The attitude of the League of Nations crystallized after the Chinchow incident, and the position of the civil government, between the military on the one hand and the league on the other, became untenable.

After the fall of the minseito cabinet, which came about through the formation of a coalition cabinet, the Inukai or seiyukai cabinet assumed the reins and tried to settle the Manchurian dispute. Premier Inukai himself assumed direct responsibility as foreign minister. Early in January he began to attain an understanding with the Chinese government; first, that the Chinese government would treat Manchuria as a special political province, and that its governor would need the approval of the Japanese government, and second, that thoroughly independent and democratic principles should be operative in the Manchurian policy.

These understandings were sternly opposed by the Japanese military, who were trying to organize Manchuria as a separate country. The pro-Chinese policy of the civil government in Tokyo was distasteful to the militarists, and they refused to accept it. It was about this time that the Shanghai affair developed. This trouble broke out as a result of Japanese Nichiren priests being wounded by the Chinese, whereupon a Japanese mob, seeking to avenge the priests, set fire to a Chinese factory and wounded many Chinese; but when we investigated what unseen hands moved to stimulate this mob violence, they are seen to belong to certain factions which long have wanted war. Even now, when the Shanghai front is comparatively quiet, these same factions are seizing the opportunity to widen the scope of their activities, that is, to occasion disputes between Japan and all China, between Japan and Russia, and between Japan and America.

The Plan of the Japanese Military

In the Inukai cabinet, General Araki ,the chief leader of the military fascists, was made minister of war, meanwhile Prince Kanin was made chief of the army general staff and Prince Fushihi chief of the naval general staff. These two most powerful princes of the blood thus became heads of the army and the navy, and this means that both branches of the military service have been exalted to a position above any possible civil control. Rather the army and the navy are now in position to govern the civil bodies.

The reason why the wealthy bourgeois class, notwithstanding these great gains of military fascism, failed to attack but rather almost completely. and humbly submitted to such tyranny, is chiefly because of the historical tradition of feudal Japan. In heart these wealthy leaders of industry and commerce felt they ought to take up the cudgels against the encroaching fascism, but they did not do so. Nevertheless the challenge of the fascists to the bourgeois order is on a very wide scale. Meanwhile the proletarian parties were equally unable to attack fascism because of their weakness and inner divisions. Indeed, as previously mentioned, the social democrats and some of the people's mass party themselves became fascists and are at present in the very center of that movement. Thus the victory of the fascists has become assured, at least for the time being.

Fascist Position Dangerous

What is the political program of the Japanese fascists? First, imperialism (emperor-centered); second, nationalization of industries; third, anti-capitalism. In recent years the wealthy bourgeoisie in Japan has held the economic leadership and controlled almost all of the national finances, while for some time past the civil government has been understood to be the political department of the wealthy and privileged classes. The military opposed this tendency and insisted on the centrality of the emperor, the nationalization of industries, and the destruction of capitalism. They are trying to monopolize Manchuria's and China's economic resources and markets. They have succeeded in monopolizing Manchuria. They are anticipating a similar success in south China. They think, moreover, that this eastern Monroe doctrine will not be tenable without a war with foreign countries, especially the United States. Using imperialistic war as the opportunity for isolating China from the ocean, they are trying to appropriate its markets and natural resources. To weaken the wealthy bourgeois class and the proletarian parties, to try for a permanent continuance of military dictatorship—these are the key principles of the war policy of fascism in Japan.

Of course these childish and barbarous policies cannot be easily realized. Foreign fascism became successful by means of cooperating with the wealthy class, but in Japan it is not the intention of the fascists to cooperate with wealth, nor have we the conditions in which they might do so. Accordingly, we are very doubtful as to how long this ascendancy of the fascists will persist. Their supremacy is assured, however, so long as war conditions obtain. The fascists have recently assassinated two noted men high in economic circles, and we have heard that with this as a challenge, there is the beginning of a determined movement among the wealthy bourgeoisie against the fascists. Meanwhile the fascists are utilizing America's threat of an economic boycott, and the discrimination against Japanese immigrants and students in the United States, as weapons to excite national antipathy toward the United States and in order to lead to military action against America. How far this effort will succeed, the future will disclose.

A Japanese Exposes Japan's Weakness

BY LIEUTENANT F. ISHIMAR

The following are extracts from an article originally appearing in Japanese in "Annals of Art and Literature," one of the best known magazines in Japan. The article was translated by the China Press, Shanghai:

The effect of the Manchurian episode has brought about a sudden change in the nature of the future war in the Far East and along the Pacific.

The national defence scheme of Japan has likewise been fundamentally shaken. And this, I believe, must have caused no small degree of thinking and reflection among the clear-headed of the General Staff and the Military Command Officers.

Should at this juncture, they still remain dormant and apathetic, Japan would take the place of Germany the second. Lest our public may yet remain unconscious of the importance of this problem, this dissertation is specially written with a view to calling the attention of the military authorities and the people thereto.

Aims of National Defence

In view of the limited territory of our country, of shortage of production for self-support and self-effeciency, of the annual increase of population by 700,000 during the last 50 years, of deficiency in food distribution and, above all, of our dependancy on foreign imports of industrial raw materials, the moment our coasts were blockaded by any other country with being thus cut off, the majority of our masses would have no remedy other than starvation.

Consequently, we can easily see that it is with the safety of our oversea communication lines and the protection of importations of major industrial raw materials that the aims of our national defence should rest. Of the supply of the so-called major industrial raw materials, the greater portions are in fact from China and Russia. Hence security of transportation becomes the only object of our Empire in the maintenance of its subsistence, and at the same time we should direct our principal attention toward the espousal of our rights and interests in Manchuria and Mongolia as well as toward the maintenance of peace in the Far East. Reasons for the above are given in detail as below:

Imaginary Enemy and Enemies

It is essential for the accomplishment of military preparedness of a country always to have an imaginary enemy or enemies in view; but as for the objectives of national defence scheme, they are entirely dependent upon the course of events, external and internal. The nature of Japan's national defence scheme, without explanation, is rather hard to comprehend. Judging by the present international situation, our imaginary enemy or enemies, generally speaking, fall into the following five categories:

(1) When the U.S.A. is taken as our enemy.
(2) When either China or Russia, or both are taken as our enemies.
(3) When either China or Russia, or both and the U.S.A. are our enemies.
(4) When either China or Russia, or both, and the League of Nations are our enemies.
(5) When either China or Russia, or both, together with the U.S.A. and the League or Nations all become enemies of us.

Vitals of Empire

Manchuria and Mongolia are in fact the vitals of our Empire. In problems affecting our rights and interests in these two regions, it is absolutely necessary for this Empire to maintain its stand by all possible means in its power; and in this way, conflicts and complications between us and China and third parties become inevitable. It is therefore obvious that items (1) and (2) are interrelated with each other, and that in circumstances as represented by items (1) and (2), the slightest carelessness might lead to a situation as mentioned in item (3) hereof and another false step might further result in the creation, out of conditions as per items (1) and (2), of a potentiality of circumstances as per items (4) and (5) above, wherefore, great stress should be laid on the subject in the deliberation of plans for national defence.

The object of our national defence should, in time of utmost strained relations between our Empire and China, Russia and the U.S.A., be directed towards facing and coping with a situation as given in item (3) above, or in other words, we must keep up a military force which will ensure success vis-a-vis China, Russia and the U.S.A. But as regards items (4) and (5), it is a problem of such momentum that we find it impossible under whatever conditions to deal with the situation. The military authorities ,however, seem to give no attention to, or rather underetmiate the matter.

Victory or Defeat

Since the Manchurian crisis, the war cloud over the world is daily being intensified. Should by any chance war break out on the Pacific, the ultimate result, though hard to foretell, may be visualized by observation of internationship and trend of events now obtaining among nations. On the assumption of a war with America, the writer is of the opinion that there is no reason whatever for too much apprehension. It might be argued, in this connection, that the Treaty of London placed a restriction on our naval armament which would thus be in a flawy condition. Such, I should say, is more in the nature of pessimism and alarmism than anything else.

Despite the fixed ratio of 5:5:3 under the Treaty of London for total tonnage of naval armament of Great Britain, the U.S.A. and Japan, respectively the power of our Navy may, in the event of an armed conflict taking place between Japan and America on the West Pacific, quite possibly run parallel with the latter.

U. S. at Disadvantage

Furthermore, taking into consideration the fact that America situated on the west side of the Pacific will have to send her navy here over a distance of thousands of miles and, in doing so, is bound to experience tremendous difficulties in supply and reinforcement; while Japan, directing her operations from within her own territories with an equal fighting force, enjoys a great many advantages over the opposing forces, tired and exhausted owing to long journey and over-exertion, the final victory will surely belong to us. This is yet a case of presumption based upon the ratio of naval armament under the Treaty of London. As a matter of fact, America is still finding herself short of auxiliary war vessels such as cruisers of modern type, and not until 1936 will America be able to bring her auxiliary war vessels to the standard over the prescribed limit in the London Protocol. Therefore, during this period, we are placed in an absolutely advantageous position. After a close study of the tendency of world situation, we are assured that America would on no account whatever take to war with us so lightly.

In discarding as above pessimism based upon the provision for naval armament in the London Treaty or Protocol, however, I do not mean to say that our fleet is in a position to break into the territorial waters of America to force the Americans to submission, which is an impossibility. Even an invasion of Java is open to question. What Japan is looking forward to is the mastership of the West Pacific without allowing America to stretch her influence thereto, or in other words, what have been enunciated above as the objects of national defence are something which Japan will under no circumstances willingly give up.

Two Million Chinese Soldiers

In the event of war with either China or Russia, or both as in (2) above, Japan is simply having the cards in her hands. A review of the military strength of China and Russia will show that China's land forces, due to internal strife and militaristic occupation in the past, have shown a yearly increase by great numbers and have always been subject to changes in acute form. Although the exact figure is not known, the approximate number of troops available in China aggregate about 2,000,000 strong, including army units in Yunnan, Szechwan, Kwangsi and Kweichow which total some 360,000 in number (this is inaccurate in view of the fact that Szechwan alone possesses about 300,000 soldiers.—Translator), but that it is impossible, owing to geographical reasons, to send these latter troops to engage in battle in Manchuria, thus reducing the total available land forces in China to not more than 1,600,000. And as to the Red Armies or guards of the U.S.S.R., they are supposed to consist of approximately 1,200,000 men, excluding the regulars and including the militia, peace preservation corp, etc., but Soviet Russia, owing to diverse

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reasons in connection with her relations with European countries, is not in a position to mobilize and despatch to the Far East, at the most not more than 300,000 or 400,000 men.

As for ourselves, we have an army on the active list of 230,000 strong which may be used as our basic strength for warring purpose, and the moment wars were declared with either China or Russia or both, there would be a possibility of mobilization of another two millions, more or less on a par with the military forces of China and Russia. Basing upon the above estimate, it may be seen that final victory will surely be on our side.

In case we were in war with either China or Russia, or both, and the U.S.A., we, taking into account our internal conditions and the financial burden thus thrown upon is, would have no alternative but to adopt the principle of "forcing swift decisions by swift strokes," in which case we could also assure success. But a prolonged war will preclude the possibility of making forecasts, because the longer the wars were dragged on, the better would the Americans be able to make use of their tremendous economic power and their natural gift in military and industry, thus further enlarging their fighting power. This has become a matter of common knowledge among modern military experts.

Such enlargement in the fighting power of America will, I am afraid, make possible a similar increase in strength on the part of China and Russia, although to what degree it is impossible to forecast. At the same time there is every possibility of third states such as Great Britain taking part in the struggle. If England and America were united against us, it would be hard for us to hold our own against them. Suppose we will recall that Japan during the Russo-Japanese War was already feeling extremely exhausted after 20 months persistent struggle and so extremely longing for a cessation of hostilities and conclusion of peace with Russia.

A further prolongation of one year or six months on Russia's part might turn the fortunes of the day against Japan. This the world has remained ignorant of up to date because the Japanese authorities have always kept it as a sealed book. Although the conditions then were completely different from what we are now in, yet in view of Japan's pitiable reliance on others for supply and her growing shortage of economic power and industrial raw materials, it is quite open to question whether we could still achieve a triumphant end after a prolonged warfare. All men of thinking in the world now agree that nothing short of a prolonged engagement with Japan would accomplish the end of having an upper hand over, or over-powering that country.

Much Juggling Needed

Next again comes the stage as specified in (4) and (5) above in which the opposing parties will be either China or Russia, or both, and the League of Nations and or the U.S.A. In that case, the scope of war is more and more widened, and among those principal nations throughout the world, we should draw a line between friends and antagonists and enter into alliance with the former against the later and only by doing so, we would be able to hold England and America in check. Even in that case we are not quite sure of our success, unless under extraordinary circumstances. In this respect, however, it is merely a skin-deep and groundless speculation to say that England, in taking side with our enemies and throwing herself into the vortex of the Pacific War, would have to direct her military operations against us by having the whole of her fleet circling round the Far East.

Although England, the largest naval power in the world, still occupies the leading position among the Powers in so far as actual strength is concerned, yet, with her colonial possessions spreading throughout the length and breadth of the Continents, her attention is being acutely enegaged by the impending unrest prevailing in Europe and India. It is suggested that by a renewal of the Anglo-Japanese alliance, it would be made possible for England to send part of her fleets to the Pacific to serve as a backing for us, whereas on the contrary, if England joins the side of America, she will be throwing a casting weight in the war of the Pacific.

Under the circumstances, by laying aside, for the sake of argument, points (4) and (5) as above, the condition absolutely necessary for the insurance of success on our side will be none but the tactics of securing "swift decisions by swift actions" and the occupation, by a sudden stroke, of strategic points of the enemies, in this, though not a deathdealing blow, may turn the scale in our favor. Generally speaking, war tactics do not go beyond the following two principles:

A. Persistent struggle.
B. Swift actions.

"Stride Unawares"

For instance, in the present Manchurian crisis, our military authorities put the Chinese main forces to defeat by taking them unawares, and further dealt them a fatal blow by subsequent occupation of the important cities in Liao-ning and Kirin. In taking such action, we must, at the outset, be provided with a military force and war equipment equal to, or superior than the enemy's. Any delay in action would simply mean failure without doubt.

As for the enemy, a prolonged warfare may be turned to good account; at the beginning negative tactics may be applied to break down our soldiers' valor and to cause a drain of our exchequer; however violent and strong our attack and offensive may be, the enemy forces may just do nothing but be stubborn to the bitter end.

It is a general speculation that during the first period of the Pacific war, America will most certainly adopt such a measure for the purpose of baffling us. Others say that America, in going into war with us, will also take to the principle of swift actions. With the truth of such speculations still unknown it is quite on the safe side to say that judging by our experiences in the Manchurian event, it is not at all an easy task to stall the enemy by the "quick actions" policy as has been adopted by Japan.

Effect of Pacts

Since the coming into existence of the League of Nations, its covenant has taken the form of an instrument outlawing war and side by side with such Covenant the Kellogg Anti-war pact has come into being. In the event of a second world war being inevitable under whatever conditions, it is an admitted fact in the eyes of all peace-loving people that the current of world-events is bound to take a new turn. The attitude of our War Office in this connection however, has always been characterized by their flouting of the League of Nations Covenant and the Anti-War Pact, and they have acted in such an arbitrary and self-assertive manner that they have practically torn every such document to pieces.

The Pacific War as has been projected by our so-called world military experts is very limited in scope, and they are, it appears, laboring under an erroneous observation. Since the outbreak of the Manchurian crisis, a great change has been taken in world situation, which serves to give a timely blow to the slow-witted and inactive War office authorities. Consequently, the war plan designed by them has been fundamentally shaken, thus laying waste the "castle in the air" built by them and bringing them to a realizing sense of the blunder committed. A review of the world situation indicated that the change in nature of the Pacific War is attributed to the following four causes:—

(1) What we contemplate to do, in time of the Pacific War, is to make use of the League Covenant as a check on America; even England, by reason of her relations with the League, is not supposed to take any active part in the struggle, nor any other powers, who will be more watchful of their steps, would dare to cast in their lot with the enemy. Such policy vis-a-vis the League of Nations and other parties is therefore a total failure.

(2) With the outbreak of war in the Far East and along in problems concerning Manchuria and with Japan taking the field with either China or Russia, or both, there is always the danger of (2) America, or (b) the League of Nations, or (c) America and any of the member states of the League being forced into war with us.

(3) Both the Covenant of the League of Nations and the Anti-War Pact, except in matters originated from the right of self defence, contain specific provisions outlawing war. While we claim that our military action in Manchuria is due to self-defence on our part, it has nevertheless given rise to a widespread feeling of distrust and suspicion among the nations and a concerted censure on Japan for her occupation of Chinese cities and towns outside the South Manchurian Railway zone, thus placing us in an exceedingly disadvantageous position among

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Strange Visits by Japanese in Philippine Waters

(BY AN AMERICAN OBSERVER)

AS far back as 1904—during the Russo-Japanese war—when four Russian gunboats neatly gave the slip to the victorious Japanese fleet, Nippon's naval authorities have paid close attention to the north and east coasts of Luzon of the Philippine Archipelago.

Everywhere in these waters the inhabitants have either seen or heard of the Japanese. At times swarms of Japanese "fishing" vessels descend on the northern-most islands of the Philippine Archipelago. It is all very mysterious. Most of them are supposed to be searching for *caracoles* and *trochas*, but with what degree of success nobody ever appears to know. One fact emerges very clearly from these strange voyages: no enemy ships will ever escape the Japanese Navy in the tricky waters around Luzon. They have explored every inlet and cove of all the Batanes and Babuyan Islands. They have reconnoitered every possible landing place between Negra on the northwest point of Luzon and Pandanungan on the eastern coast of Luzon.

It is a well known fact that the Japanese have very important interests on the island of Mindanao, where there are places almost exclusively populated by Japanese. Around the Gulf of Davao they own many large hemp plantations, and their interest in copra producing lands is by no means negligible. Here they have their own schools, hospitals and clericals. It must be admitted that they have done considerable for the agricultural advancement of the island, and they well deserve the financial results of their labors. How many thousands of Japanese are now working on these vast plantations, nobody seems to know, but undoubtedly they amount to tens of thousands. The danger of the situation is clearly realized by Filipino and American politicians—and dutifully scoffed at by the Japanese.

If the United States withdraws its protection from the Philippine Islands, the free Filipinos will have two troublesome problems on their hands, both originating in the south of their archipelago. The first are the Japanese of Davao; the second is the so-called "Moro problem." The Moros are Mohammedans, whose ruler—the Sultan of Sulu—about the time of American occupation made a treaty with United States of submission and good behavior. These treaty rights the United States have very high-handedly turned over to the Philippine Government, which has proceeded to "filipinize" the Moros. The Moros have always opposed their being lorded over by the Christian Filipinos, whom they consider as nothing better than another northern tribe. They demand the return of their lost freedom, and being a warring people they probably will fight for it. They maintain that they have always been a free and sovereign nation, and that they have never been conquered by force of arms, but by diplomatic trickery. Consequently, in time, the Japanese would not have to go far to find in the Moro willing allies.

Japan's Vigorous Expansion

On the other hand—the colonial policy of the Japanese Empire has always been for vigorous expansion. Starting in the North, the Japanese took half of Sakhalin in 1905—together with Port Arthur and Korea (unofficially)—as a result of the Russo-Japanese war. Years before that their Empire had expanded in a southerly direction, taking Nansei Islands in 1879 and Formosa with Pescadores Islands in 1895. In 1910 Japan officially swallowed up Korea and in 1920, as the outcome of the world war, she borrowed Kiaochow (returned to China in 1925) and received as her part of the world war loot the Carolines and Marianas (with the exception of Guam). She has only recently "conquered" Manchuria and once here firmly established, she will have time to pay attention to other rich and fertile hunting grounds—why not the Philippine Islands?

Japan has always had her particular method of approach, which has proved infallible in each case. She has started with a friendly grin and an offer of cooperation. The next step has been the loan of money, plenty of it. Very soon, the borrowing countries have inveigled themselves into financial difficulties to such an extent as to make superintending necessary, thus heaving additional financial burdens on the shoulders of the victim. Little by little and under many pretenses, she has in time annexed them one after another.

This is what will happen to the newly established Manchurian Republic of ex-Emperor Henry. This is also what probably will happen to the future independent Philippines; Japan will take advantage of the financial birth pains of the new born nation and in time follow the path outlined by her colonial program.

A ten days cruise on board the Insular Customs Cutter "Arayat" among the northern islands of the Philippine Archipelago in the bordering waters of Formosa, revealed facts which it would be worth while to take into consideration when the *pros* and *cons* of the Philippine Independence question are discussed. On more than one occasion Japanese "fishing" boats have swarmed down on the northern Philippine waters, which, as a matter of fact, abound with fish. This is done without asking permission from the Philippine authorities. In general these northern neighbors of our far eastern dependencies behave as if very much at home, thumbing their noses at police and customs authorities and going about their business with astounding cocksureness. The northern islands, completely isolated (and with only one radio station), are helpless. On some of them are stationed a few Constabulary soldiers, but in too inadequate numbers to inspire respect in any Japanese marauders visiting the islands, where they cut down timber and coconuts or outright steal ready milled lumber from yards located here. It is an illuminating fact that *camagon* and *narra*, first class Philippine hardwoods, occasionally can be bought cheaper at Formosa than in the Philippines. Small wonder, as most of this lumber is stolen.

Your correspondent stopped at almost every island; ten in all. To begin with: at the first island we visited—Fuga—we were met by the complaint of the local manager of a cattle ranch, a jovial Spaniard. It appears that approximately a month ago a Japanese launch appeared at the shores of Fuga Island. The island boasted the presence of a constabulary force—two men: a sergeant and a private. These authoritative persons boarded the launch and according to instructions they confiscated the boat, taking along the charts and whatever instruments they could find. The crew of twenty-five men, meekly surrendered all documents and papers, apparently believing that a much larger constabulary force was stationed on the island. One night they disappeared in the direction of Northern Luzon. Here they must have discovered the true state of affairs, because they rushed back to Fugo, landed there in force, overpowered the constabulary, recovered the charts and instruments in addition to taking away the arms of the constabulary. Then they boarded their launch. Before sailing away they, however, returned the arms—minus the ammunition.

At Camaguin there was another tale of woe. Here, once upon a time the Mambit Lumber Company operated a small lumber yard. This company is now defunct and owes the local population a considerable amount of money in wages. There are several staples of air dried lumber near the shores, and about a week before our arrival (April 24th), three Japanese launches stopped at the snug, natural harbor of Camaguin and despite the protests of the local overseer, robbed the yard, loading all their launches to the gunwales with the lumber. Before leaving the island they broke into the company's store room and stole valuable parts of machinery. The company's launch was robbed of its magneto and the motor was rendered completely useless.

Only a month ago a few launches stopped at Claro Babuyan Island—populated by a small colony of semi-pagans. The Island is nothing else but a volcano, the slopes of which are covered with very valuable hardwood timber. Here the Japanese went to work, cutting down heavy logs and hauling them aboard their launches. The protests of the *teniente*, the chief, were met as usual with sneers and threats of violence, but his wrath was at length appeased by paying him with a towel (value five centavos) for each log.

Another launch stopped at Calayan, allegedly searching for water. The crew in the meantime went ashore collecting over a hundred sacks of sea grass, valued partly as a delicacy and partly for its medicinal qualities. Calayan boasts two policemen. As the launch was without the necessary permits to fish or even to visit Philippine waters, they promptly apprehended two of the seamen and put them in the local jail—a comic opera affair with wooden bars and bolts instead of locks. In a little while the two prisoners requested their guards' permission to go out, a natural request in places without "modern accomodations." That was the last seen of the two prisoners, who immediately jumped into the blue waters of the lagoon and swam out to their awaiting comrades, the rest of the crew jeering at the two wrathful, but thoroughly ashamed Filipino policemen ashore. They proceeded to Dalupiri, where they filled

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Measures for Relieving China's Silk Industry

BY PAUL K. WHANG (汪仲芳)

IN my last article on China's silk industry which appeared in *The Review* of April 9, I stated, "Never in the annals of the silk industry has the crisis been as acute as at the present time. Bad business had already put 90% of the total silk filatures in Central China in a state of bankruptcy, but war has forced the remaining 10% out of business. With the wholesale suspension of silk filatures, hundreds of thousands of female workers, who have hitherto made their subsistence from the silk industry, have been thrown out of employment, and their destitute state has already spread social unrest and endangered peace and order in the community. Moreover, the country people, who have habitually made extra money by producing cocoons, have to curtail their production, anticipating that the cocoon price will be low and the buyers will be few. In recent years, the cocoon and silk productions of Central China have been drastically declining. Therefore the present unhealthy state of affairs may spell the end of our silk industry. The downfall of China's silk industry will not only deprive the government of an enormous revenue, but will affect the well-being of the people generally."

Since the writing of that article, it is more than one month. In the meantime, the silk market has been continuously declining. In the U.S., the biggest consumer of raw silk, with silk mills curtailing operations and keeping stocks at low levels, the demand for the raw material has naturally suffered. An idea of the extent of the decline in Japanese silks can be gained from the following comparison. A fortnight ago the average price for Crack 13/15s White, was G.$1.64c, compared with G.$2.69c a year ago and G.$4.73 two years ago.

The Slump in Japan

In Japan there was a sensational slump in the silk market during the latter part of April. The last reports from Japan were that a complete stoppage of the silk cocoon production in the Island Empire was quite possible. In the Okaya district of Nagano, reelers are finding it impossible to carry on, and as soon as their cocoon stocks are exhausted, they will close their mills. Okaya reelers are working on half capacity, and they are losing Yen 10,000 a day. In order to relieve the distress of the Japanese silkmen, the Japanese government has decided to sanction the wholesale disposal, through the Asahi Silk Company of Kobe, of its stock of raw silk totalling 108,000 bales, of which 81,000 bales are held under the Price Indemnification Law and the remaining 27,000 bales under the Traders' Joint Holding. From a *Reuter* dispatch dated April 25 from Osaka, we have learned that assignments of the total amount of raw silk to be disposed of are expected to be as follows: 40,000 bales to America; 20,000 bales to Europe; 30,000 bales to domestic consumption; and 2,000 bales to other destinations. Further it said that the losses due to the Price Indemnification Law and also the Traders' Joint Holding, aggregating 103,000,000 yen would be shared as follows: 35,000,000 yen by traders; 15,000,000 yen by bankers; and 53,000,000 yen by the Japanese government.

What is true of Japan's silk industry is also true of China's silk industry. According to the weekly report compiled by the Raw Silk Testing Department of Shanghai Bureau of Inspection and Testing of Commercial Commodities, China has only exported 44,392 bales of silk (including 10,423 bales of waste silk) since June 1st, 1931, up to April 17, 1932, as compared with 88,059 bales for the corresponding period of the previous season. Based on these figures, we are able to see that the silk exportation of this season only amounts to half of that of the last season. The exact figures of silk stock and cocoon stock in Kiangsu and Chekiang are not available, but from our rough estimation, the silk stock will be nothing short of 20,000 piculs, while the cocoon stock will be around 100,000 bales. All the silk and cocoon stock are now being held by the bankers as security. In view of the present silk price which is quoted at ₮550 per picul for the silk of Class B in the local market, our silkmen will lose about Tls. 400 for each picul of silk sold. Therefore it does not need much imagination to realize the critical situation of our silk industry.

In order to save the downfall of our silk industry, the provincial government authorities in the past month have been busily engaged in seeking some practical measures to relieve the distress of our silkmen. many meetings have been convened among the government authorities of Kiangsu and Chekiang provinces, bankers, sericultural experts and silkmen. As a result of long deliberations, the following measures have been adopted:

(1) Financial means should be raised by the Kiangsu and Checkiang governments to give relief to silk industry.

(2) In order to encourage the silk exportation, export duties on raw silk should be exempted.

(3) With a view to relieving the burden of silkmen, the amortization payments of silk loans should be suspended.

(4) A Kiangsu and Chekiang "Old" Cocoons and "Old" Silk Reorganization Committee should be formed.

(5) A Kiangsu and Chekiang "Old" Silk Sales Promotion Committee should be organized.
(In order to differentiate the cocoons and silks of the new season, those of the past seasons are generally called "old" goods).

(6) Fundamental relief measures for rehabilitating China's silk industry should be devised.

(7) Ways and means should be mapped out to help the silkmen in the purchase of cocoons during the coming cocoon season.

After adopting the above measures, the two said committees have been formally instituted, each having thirteen members appointed by the government. The first proclamation issued by the Kiangsu and Chekiang "Old" Cocoons and "Old" Silk Reorganization Committee has the following to say:

"For the past few years, the cocoon and silk stocks have been accumulated to such a great quantity that its pernicious effect upon the well-being of the country can not be overlooked. In view of this unhealthy state of affairs, the authorities of the Kiangsu and Chekiang provincial governments have been determined to give some form of financial assistance to the silkmen. It has been revolved that a subsidy of Tls. 100 will be given to each picul of "old" silk, and also to each picul of silk reeled from "old" cocoons at the time of its exportation. (No subsidy will be given to "old" silks not for exportation). In the meantime, as a further measure of alleviating the sufferings of our silkmen, the authorities of two provinces will ask the National government to instruct the Ministry of Finance and that of Industries not to collect export duties on raw silk and the amortization payments of silk loans. Therefore it is hoped that those who have held either "old" cocoons or "old" silks as security should call on this Committee to have their holdings registered on and before May 15. No subsidy will be allowed to those who have failed to register their holdings before the time-limit. Proper certificate will be issued after the goods have been examined and weighed by the representative of this Committee.

Government Gives Aid

The National government, as reported, has approved all these measures as stated in the foregoing. Further we are told that the National government has been contemplating to increase the import duties on artificial silk in the hope of cultivating the domestic consumption of native silk. The conesientious efforts and earnest endeavor on the part government authorities in working out measures to give some substantial help to the silkmen who are now in the most distressful state should be highly commended. This is probably the first time in the annals of the silk industry that the government authorities have promised to do something and acted upon their promise immediately. It might be recalled that in the case of the flotation of silk loans last year it took nearly one year for the government to carry out its promise. Though the subsidy granted to the silkmen only amounts to ₮100 for each picul of exported silk, that it will reduce the losses of our silkmen to a small extent goes without saying. The problem now facing the silkmen is to find an outlet to dispose of their "old" silks, so that they can claim the benefit in the form of subsidy. But with the general business depression prevailing everywhere in the world, coupled with the Japanese determination to get rid of their huge silk stocks amounting to 108,000 bales, the task of finding buyers for China silk will be exceedingly hard. Therefore to help our silkmen to market their "old" silks, a Kiangsu and Chekiang "old" Silks Sales Promotion Committee has been created.

The reason for limiting the subsidy to exported silk is obvious, viz., because the steam filature silk manufactured in Kiangsu and Chekiang provinces is principally for exportation. However, it can not be denied that at this particular time when the patrotic feeling of the people is running high, there is a vast possibility of cultivating the domestic consumption of home-made silk fabrics. If some endeavor is made toward that end, a domestic market for raw silk may be also developed. Therefore we have reasons to suggest that subsidies should be also given to "old" silks sold for domestic

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consumption. As these relief measures have been initiated by the Kiangsu and Chekiang governments, so only the silk-producers of these two provinces can claim subsidy and immunities. It is hoped that the government authorities of other silk-producing provinces, such as Szechuen and Kwangtung, where the silkmen are equally in a hopeless and helpless condition, should give equal consideration to their silkmen by adopting the same measure as stated above, so that the silkmen in China as a whole will be relieved to an equal extent.

In regard to the measure to help the silkmen in the purchase of cocoons during the coming cocoon season, nothing definite has yet been worked out. With the cocoon season near at hand, the provincial authorities should lose no time in making their plans known to the public, so that the silkmen can have enough time to prepare themselves for this important occasion. In this connection, it is hoped that the provincial authorities will do two things for the silkmen. First, they should cooperate with the banks to extend credit facilities to the silkmen, so that the latter can have the means to purchase cocoons. Since the Shanghai war, the native banks, as a rule, have pursued the "no-credit" policy, and at the present time when business conditions have not as yet returned to normal, it is next to impossible for silkmen to approach any native banks for loans. Thus financial assistance is more necessary than anything else. Secondly, the provincial authorities should instantly launch a campaign to pacify the countrysides so as to make the cocoon-producing districts safe for silkmen to open up their cocoon-buying stations. The concentration of troops along the railway lines, as a result of the Shanghai crisis, has left the countrysides and inland waterways unprotected and constantly molested by bandits. With the signing of the peace agreement, some of the troops can be dispatched to the countryside to round up the bandits, so as to make conditions secure for silkmen to go the to inland districts to purchase cocoons.

As to the fundamental relief measures for rehabilitating China's silk industry, I shall refrain from making any comments on them, until they have been drafted and made in concrete form by the provincial authorities. Suffice it to say that in order to uphold China's silk industry and meet the foreign competition, the quality of China silk must be improved, and to that end the methods of rearing silk-worms and producing silk must be reformed and brought in line with the up-to-date and scientific processes. The provincial authorities have already opened the way to relieving our silkmen by granting subsidies and immunities; but their task will not be complete, until and unless they go a step further by assisting our silkmen in rehabilitating China's silk industry.

Shanghai, May 16, 1932.

STRANGE VISITS BY JAPANESE IN PHILIPPINE WATERS

(*Continued from page 407*)

their demands for fresh coconuts in the usual manner, by cutting down the trees.

At Batanes, the northernmost group of the Philippines the authorities have had little experience with the Japanese, because the constabulary forces here consist of sixteen soldiers, commanded by a lieutenant. A small but efficient municipal police force and a jail with real iron bars offers no inducements for a visit by these pirate launches. A powerful radio station maintains communications with the outer world and the shores of Batanes are considered unhealthy by the marauders.

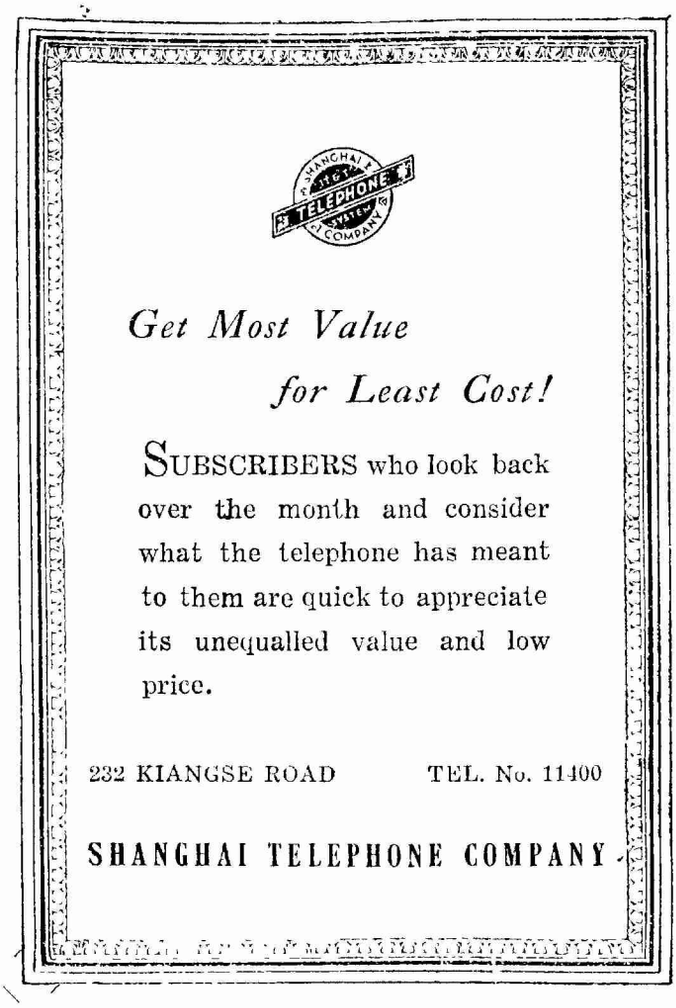
Still, not long ago, during a gale, one of their launches was blown ashore. Its wreck still can be seen. The crew was duly arrested and sent to Manila for investigation.

Local observers express their doubt that many of these boats are actually fishing boats as few of them carry fishing implements. It would be only natural to presume that altogether other instruments are the cause of their frequent visits.

Manila, P. I. May 10, 1932.

Kiangnan Arsenal to be Removed

A recent Nanking message stated that the removal of the Kiangnan Arsenal at Shanghai to Chekiang is contemplated by the Ministry of War. Deputies of the Ministry are now conducting an investigation in Chekiang to select a suitable site for the Arsenal. It is reported that either Hangchow or Lanchi will be the new location. Lanchi is connected with Hangchow by the Hangchow-Kiangshan Railway, a light railway across Chekiang which has been recently completed up to Lanchi.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The Development of Aviation in China and the Need for Aerial Law

BY DR. WO-CHIANG LIN (林我將)

(Concluded from last week)

Two air conventions of an international character were held, almost exclusively, by the Latin American countries: The Convencion Ibero-Americana de Navegacion Aerea (known as the CINA) of 1926, of which beside Spain and Protugal, eighteen of them are signatories; and, The Pan American Convention (or the PAC) of 1928. The United States actively participated in the latter. The holding of these two Conventions tends to give one the impression that the republics in the American Continents have cut themselves adrift from the safe anchorage of the CINA of 1919. As a matter of fact, ten of the Latin American States are either signatories of, or have adhered to the CINA; and the American conventions substantially reecho the principles laid down by the CINA. As for the failure of the United States to ratify the CINA, it was due to the same difficulty which confronted the Federal Government when it came to the question of Federal control of air navigation.

Air Legislation in Asia

(6) *Siam.*

Of the Asiatic independent states Siam was, perhaps, the first to ratify the CINA and to promulgate a national law for the regulation of air navigation. The Siamese "Aerial Navigation Law" follows the CINA pretty closely. The statute which was enacted and enforced in 1922, has undergone several amendments. The first amendment was done in 1924 and the second in 1925. The power to regulate air navigation is vested in the Ministry of War. The Siamese air law consists of thirteen titles, with 134 sections and six annexes, quite a comprehensive code.* Siam's practical interest in aviation dates from 1911. Flying corps of the army were formed, which later developed into the Royal Aeronautical Service under the Minister of War. There is a separate budget for aviation. The civil branch has charge of commercial aviation. The Siamese air line has recently connected with some European air service. As Siam is in the immediate neighborhood of China, it may be interesting to note the locations of the airports designated for aircraft coming from abroad. The Minister of War, who in applying Sec. 89 of the Siamese air law of 1922, fixed the following places for the landing of aircraft coming from abroad in a notification issued in June, 1924:

(1) Chiengmai Aerodeome, for aircraft coming from the North and Northeast.
(2) Ubal Rajadhani Aerodrome, for aircraft coming from the East.
(3) Songkhla Aerodrome, for aircraft coming from the South.
(4) Don Muang Aerodrome, for aircraft coming from the Southeast.

It is apparent that Chinese aeroplanes, when permitted to enter Siam, and if in a straight flight either from Nanking or Hankow could land only at the Chiengmai aerodrome. A recent notification about the Siamese airports, as circulated by the International Commission for Air Navigation, seems to have indicated that the one last-mentioned is not opened now. Permission for Chinese planes to fly over or into Siam is requisite, since China is not a party to the CINA.

(7) *Japan.*

The International Air Navigation Convention of 1919, became effective in Japan in June, 1922, when Japan became a signatory to the CINA. The air navigation law adopted by Japan, however, did not come into force until June, 1927. The Japanese air law covers all civil aircraft, including balloon, kite, airship or aeroplane capable of supporting a person in the air, as well as all spaces provided for the landing of aircraft, on land or water. The law also regulates manufacturing of aircraft. The provisions for registration of planes and certificates of their airworthiness, flying licenses, are more or less the same as the rules of the CINA. The law appears to be rather strict as applied to the industry and aviators.* Thus, it is provided that a person engaged in aviation as a business who violates the regulations for safety of an aeroplane shall be imprisoned for not more than three years or fined not more than 3,000 *yen*. And, that a person passing the inspection of the administrative office by means of false statement or by making false registration shall be imprisoned for not more than two years or fined not more than 2,000 yen.

On the other hand, the industry and aviators are given the greatest possible protection for the promotion of aviation. Thus, a person who destroys or renders useless an aeronautic sign or signal shall be imprisoned not more than three years or fined not more than 3,000 yen. A person setting a false signal or sign misleading to pilots shall be imprisoned and kept at hard labor not less than two years. A person attempting to capsize, destroy or damage an aeroplane to the extent that it is rendered dangerous to life shall be punished with life imprisonment or imprisonment of not less than three years at hard labor. If death results from such actions the guilty person shall be executed or serve life imprisonment. Of especial interest to foreign aviators, contemplating to enter Japan, is where the law says:

"Any person wishing to fly aircraft of a foreign country which is not signatory to the International Convention for Air Navigation shall submit a written application for permission to the Minister of Communications including therein the nationality and marks of the aeroplane, the object of the flight, the time, the starting point, destination, and routes of flight, a copy of a certificate of airworthiness issued by the competent authorities of the country to which the aeroplane belongs or a copy of the document substituted for the certificate and a copy of the pilot's license or corresponding document." And,

"The pilot is permitted to carry a camera on condition that films used shall be developed on the landing of the aeroplane at the Tokyo airport." And regarding quarrantine inspection,

"An aeroplane flying into Japan from a foreign country shall be subject to quarrantine inspection in order to prevent the spread of contagious diseases. Regulations provided therefore shall be applied reciprocally to Japan proper, which includes Saghalien Island and to Korea and Formosa . . . . "

The above survey of the air legislations of some of the leading countries in Europe, the two Americas and Asia, although of necessity must be brief will, it is hoped, indicate the trends of air legislation throughout the world today, and stimulate the interest of the Chinese public and the National Government in this direction.

While urging for air legislation for China, a word must be said about the policy behind such legislation. By legislation aviation as an industry or as a means of communication, may be crippled or promoted, depending on the attitude taken by the Government, and, when there is a popular legislative body, the public opinion of the country. There have been numerous instances in China and elsewhere, where through indifference or hostility, and sometimes public policy on the part of the Government industries had been taxed out of existence and means of public utility put out of commission.**

There can be no doubt that the development of air transportation comes in to fill a gap long felt for the lack of rapid communications in China. It is ushered in at a time when there is a consciousness among the members of the Government and the general public of China, that for political unification, for the stimulation of industry

*Droit Aerien, July-September, 1929, p. 404, for the complete text of the code.

*For a summary of the Japanese aviation law, see: Aviation, in the U. S. Daily, Sept. 27, 1930; also, No. 213 of the Foreign Aeronautical News, issued by the U. S. Department of Commerce.

**The tearing up and shipping to Formsoa of the Woosung Railway, opened in 1876, by the Chinese Government is a striking instance.

and commerce and for the modernization of the masses of China in the interior, China needs the best and the most up-to-date transportation facilities. Air transportation is such a one. For,

> "First, in respect to medium in which it operates, it has three great advantages. For aircraft alone it is possible to go from a given point to another point whatsoever on the surface of the earth without stopping. There is only one element which, by itself, furnishes a direct connection between any place in the globe and every other place. That element is the *air*. The second advantage is the ability to make a direct transit between any two points. Intervening land areas prevent this being done by ships, as a rule; and intervening bodies of water, but more particularly topographical obstructions, prevent its being done by land vehicles. The third advantage is the right of way is free, it may operate wherever their owners will, and can, without investment or expense for pathways,"

The above comment of the characteristics of aviation by M. W. Watkins in the *Journal of Political Economy* (Feb., 1931) speaks volumes for the advantage of air-transportation.

In addition to the considerations, political, economical and social mentioned above in favor of the promotion of aviation, two other factors must also be kept in view, namely, that aviation will be the most effective means of drawing Chinese territories spread outside of China Proper closer to the All-China fountainhead—the National Government. The other consideration is, that a well developed civilian aviation is conducive to national defence in case of emergency. The enormous subsidies given by the European government to the aviation enterprises, have been actuated sometimes by one, sometimes by the other of these considerations, or sometimes by both.

Depending upon the present mode of communications or rather, lack of communications; it will take months to reach the heart of Tibet, Sinkiang or Mongolia. By post and telegraph Lhasa is nearer to Calcutta or London, than to Nanking or Peiping. To bring out this point more vividly one needs only to turn to Russia to see what that vast country with similar communication problems and far-flung territories like China, has been doing. The Soviet Government has in the last two years given the most serious attention to developing aviation in Central Asia. Formerly it required seven days by rail or motor car from Tashkent to Dushambe. With the opening of the Tashkent-Samarkand-Termez-Dushambe air line, in the spring of 1928, the journey can now be made with reasonable comfort in a matter of six hours! Since then some more new routes have been planned or put in operation to connect the various capitals of the Republics of the Union. According to a recent expansion program for development of commercial aviation during the five years (1929-1934), the net of Russian air lines will, at the end of the period, connect Moscow with China, Japan, Turkey and Afghanistan.* For political reasons and otherwise, China cannot be indifferent to the outcome of the aviation activities in Central Asia, as systematically plotted out by Russia.

"Conquest of the Air"

The eagerness to link up possessions or dependencies to the mother country, has led some Powers other than the Soviet Government, to extend or plan to extend their air lines to these places. Since 1929, Japan has joined Korea and other possessions on the Asiatic Continent by air line. The British, the French and the Dutch have not been outstripped by the two Powers above-mentioned, in their race for the "conquest of the air" above the Continent of Asia and its numerous islands and broad expanse of waters. London is today only nine days from Delhi by the Imperial Airway, which will soon be extended to Singapore. France has also started an air line to Indo-China and other Asiatic countries. Regular

*In Nov., 1927 Russia concluded an agreement with Afghanistan for the operation of air-transportation between Russian Tachkent and Kaboul, Capital of Afghanistan. For the text of the agreement see: Droit Aerien, July etc. (1929), p. 140 et seq. It may be noted in passing that Russia refused to grant "innocent passage" to aircraft of the Sino-German Aviation Corporation, on the Euro-Asia line, as reported in the German paper Vossische Zeitung (Sept. 11, 1930). The international phase of this situation is fully discussed by the wrtier in an article appeared recently in the "Journal of Air Law" writer in an article which appeared recently in the "Journal of Air Law" (vol. II, No. 2), published by the Institute of Air Law, U.S.A.

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air services maintained by the Dutch company began to operate between Batavia, Bandoeng and Samarang about two years ago. An air-mail line now connects Netherlands to the Dutch Indies. Siam has made arrangements with both the Dutch and French governments to connect her airline with those of the latter operating in the Far East (see above).

The significance of the government or national policy behind air legislation has been stressed elsewhere in this article. Civilian or commercial aviation seems to have a great future in China, judging from the favorable attitude with which both the Government and the public have received it. Indeed, looking from the standpoints of national needs and the international situation, arising out of the keen developments of aviation by Powers close to China, or whose territories are contiguous to China; and since China needs to develop air-transport to meet the various national requirements, as presented by the writer in the above paragraphs; and since nowhere else have we found instances of commercial aviation developed to any appreciable extent, without some kind of government control, it behooves the National Government of China to set down certain definite policy of air legislation as authority and basis for the making of air regulations by the administrative branch which has charge of this new enterprise.

Speaking of legislative policy in this field, it can not be put in a few words. However, the writer by way of conclusion, ventures to suggest that the prospective Chinese air navigation law, while protecting the rights of property owners and providing for the safety of the public and those who are engaged in aeronautical activities, should put no obstacles in the way of the aviation enterprises. That, it should be conducive to the upholding of China's sovereign rights. And, that it should, as far as possible, be in harmony with the rules of the CINA, although this Convention has not been ratified by China. For, in its nature, air navigation is essentially international. Any regulatory measures which go beyond the requirements for the purposes of revenue, sanitation, safety of the public and those connected with aeronautical activities, and of national security, will stifle aviation; which after all is still in a state of adolescence. International co-operation is absolutely necessary in this matter. Any country which can boast that it has established some kind of air transportation will be benefitted by sensible rules of international air navigation, just as much as sensible municipal air law** intended for the regulation of national air navigation will result in the growth of aviation in that nation.

**Various terms have been used by writers on Aerial Law as applied to air navigation. It has been termed: "Aircraft Law," Law of the airship," "Law of Aviation," "Law of the Air," "Air Law," "Aerial Law," etc. It should be noted, however, that the three terms last-named usually cover the field of Radio and such subjects where the air is used as a medium of communication or passage. In that broad sense the flying of a bullet through the air would come within its province A French author, Andre Henry-Couannier, has, however, in his recent book: *Elements Createur du Droit Aerien*, limits the term to the law of air navigation on the ground that radio law is concerned with the domain of ether, and should not be included in air law. The writer has used "Aerial Law" for the title of his article here for the sake of brevity of the term, and therein treats of air navigation law and nothing else.

The Capital of China Discussed in House of Commons

A. C. Moreing, a Conservative member, asked in the House of Commons on May 11 when the British Government proposed to have diplomatic representation at Loyang, the capital of China. Sir John Simon, Foreign Secretary, in reply said no need had arisen for British diplomatic representation in Loyang because the Chinese government had never entirely transferred to Loyang. He pointed out that several important members of the Chinese government, including the Foreign Minister through whom contact with the government was maintained, continue to reside in Nanking.

Sharp Decline in Chinese Customs Revenue

It was officially announced by the Ministry of Finance at Nanking, May 13, that the Customs revenue for the first four months of the year totalled Shanghai taels 61,847,918.54 as against Shanghai taels 88,443,990.22 for the same period last year,—a shortage of Shanghai taels 20,596,071.58.

A JAPANESE EXPOSES JAPAN'S WEAKNESS

(*Continued from page 406*)

nations. Judging from the above, unless we are determined to fight against the world at large, we must on no account whatsoever run the risk of resorting to military occupation or protective occupation of the strategic points of enemy territory by action of the highest speed based upon the principle of swift actions.

(4) To those citizens who have hitherto relied on the military for the vindication of rights and interests in Manchuria and Mongolia it must be pointed out that hereafter it is not quite certain that safeguards may well be expected from that source. In default of a machinery capable of safeguarding peace, the rights and interests of Japan will as well be exposed to insecurity.

May Follow Germany

In the event of the Manchurian and Mongolian questions being disentangled through direct negotiations that might hereafter be conducted between China and Japan, the above four points will thus become empty talk and there will be no cause for anxiety. Our opinion, however, is that the root of all troubles in Manchuria and Mongolia is still in existence, and a little or slight blunder might give occasion to another war conflagration and Japan could handly save herself from following in the track of Germany. It is, therefore, necessary for our War Office and all the people to devise means and to find ways so as to tackle the problem covered by the four points aforementioned.

There still exists a possibility of disputes and controversies. Our people must thoroughly realize that it is the future of Manchuria and Mongolia that form the pre-requisite condition of anything else. While the present episode owed its origin to legitimate right of self-defence, the fact that the Chinese troops had from the very beginning adopted the principle of non-resistance made it impossible to call the present conflict a formal war of China and Japan.

If the remaining portions of the Manchurian and Mongolian controversies could be settled by direct negotiations between China and Japan, the issues involved would be very limited in scope. Otherwise, if Japan contemplates to secure anything other than the rights and interests she is entitled to, it is to be anticipated that confusions and complications in diverse forms will crop up one after another, thus fomenting a state of affairs in which America or Russia or even the world at large would have to take up arms against Japan, which would then be forced into the most awkward position of having no alternative but fighting.

It was on account of this anticipation that the Japanese Government, in answer to the five proposals in connection with direct negotiation advanced by the League of Nations, simply demanded nothing but China's respect of treaty rights and interests due to the Japanese Empire in Manchuria.

New South Wales Governor Dismisses Premier Lang

The Governor of New South Wales, Sir Philip Game, last week dismissed the State Premier, J. T. Lang, this constituting the climax to an embittered struggle between the Federal Government and New South Wales over the State's default in the payment of interest on overseas loans. Mr. Lang had consistently sought to evade the provisions of the Financial Agreements Enforcement Act by which the Commonwealth authorities are empowered to seize the revenues of New South Wales to make good his default.

Mr. Lang's latest move had been a circular to the heads of the government departments in New South Wales not to hand over revenues to the Federal Government, as laid down in the Act.

Projected Steel Works in Szechuen

In pursuance with a scheme of the Central Government to establish a steel works in Szechuan, investigations are now being conducted by experts despatched from Nanking to report on the coal and iron producing areas of the province. The project, though still in a preliminary stage, is nevertheless regarded with great interest both by Government leaders and industrialists as it is intended to aid the development of the vast mineral resources for which Szechuan is famous.

Manchoukuo's Complicated Finances

(From the Review's Correspondent)

CHANGCHUN—Despite the flat denial of the Japanese Government that it had nothing to do with the appearance of the so-called Manchoukuo state, recent appointments of the Changchun Government give rise to the suspicion that there is a certain amount of conflict in official statements and facts. Thus, Tokuso Komai, until recently in the employ of the South Manchuria Railway, has been appointed Chief of the General Affairs Board of the Cabinet, which places him practically in control of all routine business of the Government. He is a Japanese, a graduate of an agricultural college in Japan and, having spent many years in Manchuria and Mongolia, knows these territories perfectly. The Manchoukuo Foreign Office, headed by Hsie Chieh-shih, has no other person at its helm than C. Ohashi, until recently the Japanese Consul-General at Harbin. He has spent all his life in the diplomatic service of Japan and it is significant that he has found a berth in the new government of Manchuria. He played a leading role in the reception to Lord Lytton's Commission of Enquiry at Changchun on May 3, when he and Chieh-shih called upon the Commission members. When the Commission took up the question of admitting Dr. Wellington Koo into Manchuria Mr. Hsie "dismissed the subject as a matter beneath his notice, referring the whole matter to the Director of the General Affairs Bureau," that is, to Mr. Ohashi, as reported by the *Munchuria Daily News*, official Japanese newspaper in Dairen. It is regrettable indeed that one of China's greatest diplomats should have received such treatment from fellow Chinese.

Manchurian finances are looked after by K. Sakatani, until recently Chief of the Financial Section of the Kwantung Government, Port Arthur. General Hsi Hsia, the Finance Minister, concurrently holding the office of Provincial Governor of Kirin Province, is obviously too busy to attend to his duties of Minister, therefore the services of Mr. Sakatani are considered to be more than necessary. Another Japanese, Mr. Genda, also a staff member of the Kwantung Government, holds the position of Director of the Revenue Bureau of the Finance Office.

Many Japanese Directors

This list would be incomplete without referring to other branches of the Government which are practically run by Japanese officials, namely:—

K. Matsuki, Director of the Legislation Board;
K. Nakano, now Director of the General Affairs Bureau of the Administration Ministry;
N. Morita, now Director of the Railway Bureau of the Communication Ministry.

The State Council, highest organ in the country, just under the Regent, has two Japanese—T. Ueno, Chief of the Secretariat, and T. Takano, Chief of the Personnel Bureau. The latter gentleman sees after appointments to the governmental positions. The Police Board of Fengtien Province has K. Mitani as Director, who controls practically the whole administration in the province. Another gentleman, N. N. Yagi, is director of the Police Board of Harbin and the Special District of the Chinese Eastern Railway.

And this is not to be the end of the appointments either. There comes news from Tokyo that "the advisers of the Manchurian Republic approached, personally, the leading educational institutions of Tokyo during the middle of April, and the principals to recommend graduates from the departments of law, economics, and commerce of the various institutions for the past two years who would be suitable as leaders to guide the people of the growing nation." This passage is not taken from some hostile American newspaper, but from the *Osaka Mainichi* for April 27, about the 100-percent Japanese policy of which there is no doubt whatsoever. While the Tokyo Foreign Office denies any connection whatever with the Changchun Government, the Japanese press openly broadcasts that the Japanese are leaders of the "new republic" and that they are enlisting a batch of university graduates as future "leaders" of the nation. In the light of this all of the Manchurian leaders, as Tsang Hsi-ye, Hsi Hsia, Chang Ching-hui, etc. cut a rather sorry figure.

To the already heavy indebtedness of the three north-eastern provinces there has recently been added another loan of Yen 20,000,000 concluded by the Manchoukuo authorities with Japanese banking interests. With this loan Manchuria sinks further into debt literally up to its ears, for

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the Japanese already claim Yen 163,095,764 as having been advanced to the old Manchurian administration for the construction of railways. Besides this they claim something like Yen 350,280,000 for the settlement of the Boxer Indemnity and various loans advanced for the development of mining, forestry, telegraph and telephone communication, and similar enterprises, too numerous to enumerate. Thus the grand total of the indebtedness of Manchuria to the Japanese, including the unsettled portions of the loans for the construction of the Kirin-Changchun Line and the present 20 million yen loan, bring up the total to something like Yen 551,733,764, which makes the per capita indebtedness of Manchuria figure out at about Yen 18, on obligations to the Japanese, without the addition of interest. Actually, the loan problem of Manchuria is so complex and difficult to unscramble that it will constitute the hardest nut to crack for the Manchoukuo Government, which—it should be stated—announced early in the game that it would recognize all the agreements concluded by the former administration. As one of the means to settle this frightful indebtedness it has been found, according to the Japanese press, advisable to sell to the Japanese large tracts of farm lands in Kirin Province, also near Taonan, on the Ssupingkai. Tsitsihar Line. It seems that this method of settling debts has been decided in principle, its execution being put off till the regions mentioned are more or less pacified so as to allow the coming of Japanese or Korean settlers. No price of the land has yet been announced, but there is every reason to believe that it will not be high.

Yen 20,000,000 Loan Is a Mystery

As to the new loan of 20 million yen the pubic as yet knows no more than that it was concluded on April 20 between the Finance Ministry of the Changchun Government and the Bank of Chosen, which advanced the money on behalf of the Mitsui and the Mitsubishi interests. The terms of the loan were agreed upon as follows: The loan bears 5 per cent, per annum and is redeemable in seven years, security being the unpledged portion of the salt revenue. This is what has been announced at Tokyo and Changchun; the uses of the new loan still constituting a sort of mystery. However there is a rumor that a portion of the loan will be used as capital for the newly organized Central Bank of Manchoukuo, designed to serve henceforth as the government's depository and the sole bank of issue. This suggestion that it is the intention of the new government to unify Manchurian currencies, a noble task, which, if carried out successfully, would give credit to any government. Those who are not well acquainted with this particular question may obtain an idea as to what a mess is involved in the Manchurian money market from the following table of currencies now in circulation and made public only recently:—

Metal:	Silver Dollars (Mexican)	—	50,000,000	yuan
	Small Silver Coins (ssc)	—	5,000,000	"
	Copper Coins (tung yan)	—	18,000,000	"
Paper:	Mexican Dollars issued by:			
	The Frontier Bank	—	10,243,000	"
	N.—E. Provincial Bank	—	3,500,000	"
	Syndicate of four banks	—	14,000,000	"
	The Bank of China and The B. of Communications	—	8,000,000	yuan
	The Kirin Provincial Bank	—	.7,000,000	"
	The Hsin Je Bank	—	2,263,410	"
	Harbin Dollars issued by:			
	N.—E. Provincial Bank	—	13,000,000	"
	The Bank of China	—	5,000,000	"
	the B. of Communications	—	5,000,000	"
	The Heilungkiang Provincial Bank	—	5,000,000	"
	The Frontier Bank	—	8,554,613	"
	Fengpiao notes	—	3,000,000,000	"
	Kirin tiao notes	—	3,000,000,000	"
	Heilungkiang tiao notes	—	4,000,000,000	"
	Tung-Yuan-Piao (or paper currency said to be secured by copper money)	—	6,000,000	"

The New Currency

In practice it means that, in order to avoid being fooled at every turn, one has to be in full knowledge of the exchange situation. To the credit of the new government is announced an intention to unify this hodgepodge of currencies by adopting the "Mexican" dollar as standard; although there is nothing new in this project, for it was the oft-expressed intention of the previous administration to effect a unification of the Manchurian currencies.

In regard to the new currency to be adopted soon it inevitably must be founded on silver, on the Mexican dollar, as the first stage of the reform. When all the currencies, as Harbin dollars, "fengpiaos" and "tiaos" are redeemed at a certain compulsory rate and there remains only silver dollar currency, backed up by a certain metal reserve, it is believed the country will be ready for the introduction of the gold standard, presumably gold yen. It has been announced that a portion of the new 20 million yen loan is to be used as capital of the new Central Bank, which alone will be authorized to issue banknotes, the sole legal tender throughout the length and breath of Manchuria. The presses of the Japanese Government's Printing Office in Tokyo are now hard at work turning out new Manchurian banknotes to be put in circulation ere long. Because of the fear that the untimely announcement of the compulsory exchange rate of the new currency might affect the welfare of the populace at large, no rate has yet been announced.

As has been stated in the foregoing Manchurian currency is ultimately to be based on the gold standard, the promoters of this measure maintaining that, since Manchurian loans are fixed in gold currencies, it would be well-nigh impossible to pay them in full, unless the currency was based on the gold standard. However some of the Japanese financiers think that it would be much easier to base the Manchurian currency on the silver yen since that currency has wide usage among produce dealers, members of the Japanese owned produce exchanges, maintained in every important city. At present the promoters of the gold currency also seem to be in the lead.

Returning to the subject of the Central Bank of Manchoukuo it should be stated that it will be created through the amalgamation of all the government owned or controlled banks in Manchuria, namely, the Provincial Bank of the Three Eastern Provinces, the Frontier Bank, and the Provincial Banks of Kirin and Heilungkiang Provinces. The creation of the new bank is not regarded as a difficult task, except the disposal of numerous subsidiary establishments, attached to each bank. These subsidiary establishments, such as railways, flour and oil mills, export and import firms, distilleries, pawn shops, printing offices, etc., came into being as a sequence of natural growth, when these banks were pursuing the policy of developing commerce and industries of Manchuria. Now it is the intention of the Changchun Government to detach all these enterprises from the Central Bank, so that the bank and its branches may function only as financial organs. Those auxilliary businesses, the maintaining of which is considered advisable, will be converted into limited liability companies, admitting foreign capital, presemably, Japanese. Most likely each auxilliary business will be treated separately on its merits, many being doomed to liquidation or absorption by Japanese competitors.

Since many of these enterprises were in the past operated in direct competition with Japanese interests in the promotion of Chinese industries and commerce, it goes without saying that all such enterprises shall be abolished altogether. It should be noted in this connection that, with the appointment of a Japanese as vice-President of the bank and Japanese superintendents to all departments and branches the Central Bank practically will fall into Japanese hands. Chinese Manchurian leaders will have the least possible influence in its affairs.

The position of the Bank of China and the Bank of Communications, both of which have extensive interests in Manchuria, deserves a few words of comment. In this connection it has been announced it is the settled policy of the Changchun Government to allow them to work in Manchoukuo as foreign banks only. In view of this situation they will soon be deprived of the privilege of issuing banknotes, which has heretofore been one of their prerogatives.

Virtual Chaos in Manchuria

While the Manchoukuo authorities seem bent on pushing through various constructive works, the country by no means has been pacified. On the contrary the advent of spring has brought about increased disturbances practically all over Manchuria. It is no serious departure from fact to say that the authority of the new government is recognized only in the principal centres and along the railways where Japanese troops are stationed. The interior, especially in Heilungkiang Province and Inner Mongolia, will have nothing to do with Changchun.

The advent of the spring thaw has been marked with increased rebellion especially along the Eastern section of the Chinese Eastern Railway. The insurgents, whoever they are, have adopted the tactics of deliberately keeping the peasants away from their field work, as though it is their intention to bring about a shortage of crops in the coming season. If the insurgency continues much longer, it is feared there will really be a failure of crops, which will without doubt result in widespread disturbances in the

coming winter, due to the absence of any relief work on the part of the Changchun Government.

The continuation of disturbances in Manchuria, irrespective of motives or immediate causes thereof, will naturally serve as a pretex for keeping the Japanese forces in the country permanently. There is every reason to believe that to subdugate Manchuria the Japanese will have to keep on increasing their forces, which they have been doing steadfastly without regard to possible outside complications. "We are going to fight it out" seems to be the keynote of their present policy.

Recent disclosures of activities of Red Russians at Harbin and along the C.E.R. give reason for one to think there has cropped up another critical factor in the situation, namely, that the Soviet Russians may be assisting in the creation of pandemonium in North Manchuria. At any rate the relation between the insurgents and the Soviet citizens is said to be somewhat friendly and there are allegations they have one commons aim—the destruction of means of communication and the bringing about of general lawlessness. This state of affairs leads one to think that Soviet Russians do not want to have North Manchuria orderly and prosperous under the Japanese influence, for an attack on Soviet territory could be made from North Manchuria with the Chinese Eastern Railway serving as a main line of communication for the invading army. This will partly explain why the Soviet authorities removed the C.E.R. rolling stock into Soviet territory; why the Japanese claimed some of the Soviet citizens were caught almost red-handed in attempts to blow up railway bridges, and why the Soviet part of the C.E.R. management allegedly refuses to settle accounts with its former "white" employees.

"Izvestia" Comments on Soviet-Nanking Relations

Commenting editorially on a press interview given by Lo Wen-kan, Foreign Minister, at Nanking on May 7, *Izvestia*, official organ of the Soviet Government, sharply characterizes the attitude of the Nanking Government on the question of resuming relations with the U.S.S.R.

"The declaration of the Nanking Foreign Minister," says the paper, "regarding alleged causes that hinder the resumption of relations between the U.S.S.R. on the one hand, and China in the person of the Nanking Government on the other, is an attempt to deceive Chinese public opinion on the real reasons for the hostile position of the Nanking Government *vis-a-vis* the U.S.S.R.

"According to the statements of the Nanking Foreign Minister, the Soviet Government has not been treating Chinese delegates with due respect at the Sino-Soviet Conference in Moscow. But the Foreign Minister cannot but be aware that the Chinese delegate, Moh Teh-hui, left for Germany several months ago and that there is at present no Chinese delegation in Moscow.

"The delegation of the Chinese Republic", proceeds the paper, "ceased to exist by order of this very Nanking Government whose Foreign Minister now poses, as being offended by the lack of respect shown it. Lo Wen-kan himself issued the order dissolving the delegation several months ago.

"Since the Nanking Government itself broke the relations between China and the Soviet Union", declares *Izvestia* "no relations of any kind have existed between the two governments. The blame for this situation, and for all the consequences flowing therefrom, rests completely with the Nanking Government which created it, and which till now has made no efforts to change it."

Shantung Province Requests More American Wheat

General Han Fu-chu, Chairman of the Shantung Provincial Government, in a recent telegram to Chu Ching-lan, Director of Field Operations of the National Flood Relief Commission, requested the early appropriation of 2,000 tons of American wheat designated for labor-relief in connection with the conservancy work on the Shantung section of the Grand Canal. Thus far 850 tons of wheat have been received by the Shantung authorities, and as operations have already started, additional appropriations are urgently needed so that work may continue uninterrupted.

A total of 10,000 bushels of American wheat and $360,000 in cash is to be sent to South Honan for relief purposes following an order issued at Nanking, May 14 by Wang Ching-wei, president of the Executive Yuan.

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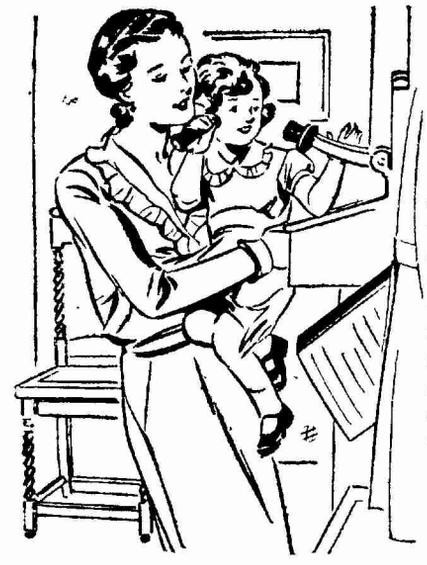

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60-469

Men and Events

M. Naoki, a Japanese popular novelist, is in Shanghai collecting materal for a Shanghai "war novel."

A Chinese teacher was sentenced at Hongkong, May 12. to two months' imprisonment on a charge that he had thrown stones at Japanese school children.

An exhibition of oil paintings depicting scenes in the Shanghai war area is being held in the auditorium of the Japanese Club, 69 Boone Road, Shanghai, May 21 and 22.

Victor Mussik of the editorial staff of the daily newspaper *Venkov*, Prague, Czechoslovakia, passed through Shanghai during the week *enroute* to Manchuria. He came here from India.

The Ministry of Industry has appointed Mei Ching-yung, Consul at Honolulu, as its delegate to the annual meeting of the International Chambers of Commerce to be held in Honolulu next month.

The Japanese wife of an American artist named Angel committed suicide in Paris April 15 because the American immigration authorities had refused to allow her to accompany her husband to the United $tates.

Dr. W. W. Yen, Chinese Minister to the United States and Head of the Chinese Delegation at Geneva, acted as China's special envoy to participate in the state burial of M. Doumer, late President of the French Repulic.

The airplane *Wuchang* of the China National Aviation Corporation arrived at Tientsin from Tsingtao at noon May 13 completing her trial flight from Shanghai. The *Wuchang* continued on to Chinwangtao and then returned to Shanghai.

Funizo Sasaki, Vice-Chairman of the Japanese Residents' Corporation of Shanghai, is mentioned as the successor to the late Dr. Teiji Kawabata, fatal victim of the Hongkew Park bomb outrages. Mr. Sasaki is now traveling in Japan.

Dr. G. Boville and Mrs. Alice Sovereign Dunschith, were married in Englewood, New Jersey, April 16. Dr. Boville, who is 79 years of age, was well-known in China in connection with his work in promoting the Daily Vocation Bible School movement.

A recent Nanking message stated that in view of the fact that there are 3,000,000 Chinese unemployed in Shanghai as a result of the recent Sino-Japanese conflict, the Chinese Government has instructed the Ministry of Industry to devise means of relief.

Leon Friedman, managing director of China Motors, is due to arrive back Shanghai May 27 on the s.s. *President Lincoln*. Mr. Friedman has been absent from Shanghai on an extended tour of the United States and Europe during the past eight months.

The bodies of two Japanese soldiers, who dissppeared two weeks ago near Tatsang, were found in the vicinity of that town, May 17. The Chinese special police authorities later handed over the bodies to the Japanese military authorities.

Mrs. Elizabeth Short, mother of the late Colonel Robert Short, and her young son Edmond, departed from Shanghai May 13 for the United States on the Dollar liner *President McKinley*. Mrs. Short had come from her home in Seattle to attend the funeral of Colonel Short, which was held in Shanghai April 24.

Kiichi Yamanaka, manager of the Hankow branch of the Nisshin Kisen Kaisha, has been appointed manager of the Shanghai branch, succeeding Fiji Yokota, who has resigned. Because of the heavy losses resulting from the boycott, this company has been forced to dismiss a number of its employees lately.

The Executive Yuan has approved an appropriation of $50,000 towards the evacuation of Chinese residents in Mexico to the United States. The money is being sent to the Chinese Legation at Washington for disbursement. Many Chinese in Mexico have been rendered destitute as a result of repressive measures.

Several instances have occurred during the week where Japanese subjects have been set upon by Chinese gangs in the French Concession and robbed. In one instance the Japanese victim was beaten into insensibility by the Chinese. He was later discovered by members of the French Police Force and escorted to the Japanese Consulate General.

The Japanese Department of Finance has published the following figures of Japan's trade with China, including Kwantung Leased Territory and Hongkong, for the month of April: Export, Yen 24,568,000; import, Yen 17,973,000. Compared with the corresponding month, last year, it shows an increase in exports of Yen 589,000, and a decrease in imports Yen 7,428,000.

The Indian residents of Tokyo, assembled at a meeting, under the auspices of the India Independence League presided over by Rash Behari Bose May 9, passed resolutions protesting against the arrest and imprisonment, under executive orders, of 630 Indian National Congress leaders who had assembled to hold the forty-seventh session of the Congress at Delhi on April 24.

The *New York Sun* May 5 published a dispatch from its Manila correspondent stating that the presence of some 12,000 Japanese colonists, who are settled on the shores of Davao Gulf in the Philippine Islands is regarded as a grave political menace to the Islands. The dispatch asserts that these Japanese colonists are almost solely men who are trained reservists of the Japanese army.

A radio broadcasting and receiving station has been erected by the Ministry of Railways at Nanking. Direct communication is being maintained with the various Railway Administrations, in the principal cities. The Ministry of Communications also plans to expand its international radio service, and with this in view a powerful installation has been ordered from the British Marconi Company.

With the situation at Shanghai gradually returning to normal, steps are being taken to repair the Hungjao Aerodrome, which was bombed by Japanese airplanes last February. Col. Sheng Te-hsieh, who is in charge of the Hungjao Aerodrome, was summoned to Nanking during the week by General Huang Ping-heng, Director of the Aviation Administration of the Ministry of War, to make the necessary arrangements.

The Japanese press service records the excellent services rendered by Lt.-Commander Masamichi Doi, who as head of the Japanese boy scouts, had contributed much to the Japanese naval forces and the Japanese community during the recent trouble—acting as guide and interpreter, assisting the postal employees in the distribution and delivery of Japanese mail, and doing other work behind the trenches. Lt. Com. Doi is retiring from service.

CUSTOMS NOTIFICATION

The public is hereby notified that in accordance with Government instructions the export duty and surtax on silk (Export Tariff Nos. 180 to 184, inclusive) will be abolished as from the 18th May, 1932.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

Custom House,
Shanghai, 17th May, 1932.

CUSTOMS NOTIFICATION

Native Goods shipped between Yunnan and Shanghai

The public is hereby notified that in accordance with Government instructions the time limit within which Native goods from Yunnan to Shanghai, and *vice-versa*, via foreign ports, must arrive at port of destination has been extended from two months to three months.

The time limit of two months for native goods moved between other Chinese ports, via foreign ports, remine unchanged.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE
Shanghai, 18th May, 1932.

Who's Who in China

Andrew C. Y. Cheng, university professor; born in Peking in 1898; received his early education in Jefferson Academy, Tungchow, Hopei; was graduated from the North China Union College in 1918; went to America in 1919 and studied at the Hartford Seminary Foundation; was appointed Assistant in Chinese in the same institution, 1919-22; was called to France as one of the Y.M.C.A. secretaries among the Chinese Labor Battalions attached to the American Expeditionary Forces in 1920; returned to the United States in the same year and continued his studies in Hartford; was graduated from Hartford with B.D. degree in 1922; took post-graduate in Union Theological Seminary in New York and Teachers College of Columbia University and received the degrees of S.T.M. (mgna cum laude) from Union and M.A. from Columbia in 1924; was appointed Lecturer in the Department of Chinese of Columbia University, 1924-27; completed his doctoral dissertation on the philosophy of Hsuntzu and received the Ph.D. degree from Columbia University in 1927; returned to China and was appointed Assistant Professor in the School of Religion, Yenching University, from 1927 to the present; author of "Hsuntzu's Theory of Human Nature and Its Influence on Chinese Thought" (in English) and "An Introduction to the Literature of the New Testament" (in Chinese); editor of *the Truth and Life Monthly;* address: Yenching University, Peiping.

誠質怡
Andrew C. Y. Cheng (Cheng Chin-yi)

誠質怡，北平人，年三十三歲，幼肄業於河北通州傑弗遜中學，一九一八年畢業於華北大學，一九一九年赴美留學入哈得福神學院，一九一九年至一九二二年被任爲該學院漢文助教，一九二十年被遣赴法國任美國遣征軍之中國勞工隊中青年會幹事，是年卽返美國仍繼續學業，一九二二年得神學士學位，畢業後旋轉入紐約神學研究院及哥倫比亞大學師範研究科，一九二四年得文學碩士位，一九二四至一九二七年被任爲哥倫比亞大學漢文講師，一九二七年得哲學博士位其論文爲荀子哲學研究，一九二七年回國後，卽被任爲燕京大學神學院助教，以迄今茲，著有荀子哲學研究(英文)新約文學緒言，兼任眞實與人生月報主筆，通信處，北平燕京大學。

New French Steamer Abandoned on Fire in Indian Ocean

The new French motorship, the *Georges Philippar*, homeward bound from Shanghai and other Far Eastern ports and having over 600 passengers on board, was abandoned to flames in the Indian Ocean May 16. The survivors were picked up and are being taken to Aden. The ill-fated vessel left Shanghai on April 23, taking 118 local passengers booked through to Marseilles, including many well-known French residents.

Among the vessels which went to the liner's assistance were the Soviet steamer *Soviets Kaianeft*, the British steamer *Mahsud*, the P. and O. *Kaiser-i-Hind*, the Orient liner *Otranto* and the Japanese N.Y.K. vessel *Hakone Maru*.

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60-471

New Books of Interest in the Far East

The Eastern Front of the U.S.S.R.

Russia And The Soviet Union In the Far East, by Victor A. Yakhontoff; published by Coward,McCann, Inc., New York.

Here is a volume that, along with *America's Siberian Adventure* by Major-General William S. Graves, is virtually indispensable in properly understanding the background of the Sino-Japanese crisis of the past eight months. General Graves describes with a wealth of detail and patent honesty of a rare order what might be described as Japan's dress rehearsal (in Siberia after the Bolshevik revolution) for the seizure of Manchuria; Mr. Yakhontoff, in a book that is considerably more inclusive than its title would indicate, gives a brilliant history of the clash of international interests in the Orient in the modern times with particular emphasis on the role Japan has played, and in addition he records the most accurate picture this reviewer has yet seen of the plight of China in recent years.

It is interesting to note that Mr. Yakhontoff was a former Czarist military attache in Tokyo and subsequently was Secretary of War under Kerensky. Since the Bolshevik revolution he has lectured at a number of universities and colleges in the United States. These facts might lead one to suspect that his volume would be a more or less typical White Russian outpouring, but instead it is very friendly to the new regime in Moscow, and many of the documents which makes the book so soundly scholarly were obtained by Mr. Yakhontoff on a recent visit to the Red capital.

The book opens with an account of Russia's early relations with China, Russia, incidentally, being the first western country which came into intimate contact with Cathay. Then comes a description of the Russo-Japanese war in which Japan's long standing policy of imperialistic aggrandizement is traced. Incidentally, it is interesting to note that Japan also started this war without any formal declaration.

Here and elsewhere in the book Mr. Yakhontoff, by the simple process of citing facts, blasts to shambles some of the outstanding contentions of George Bronson Rea, H.G.W. Woodhead, C.B.E., *et al*, who make their die-hard and pro-Japanese attitudes an interesting but not convincing substitute for historical accuracy. It is contended by this school, for example, that China was the secret ally of Russia in the Russo-Japanese war. But, as Mr. Yakhontoff points out, the secret defensive alliance of China and Russia negotiated in 1896 was completely invalidated by Russia in seizing the Liaotung Peninsula in 1898. Therefore Japan had no right to claim the peninsula on the grounds of a Sino-Russian alliance.

In further account of Japan's constant robbery of China, Mr. Yakhontoff points out that the treaty growing out of the Twenty-One Demands never was ratified by the Chinese Parliament and consequently is without any legal validity.

Dealing with the history of Mongolia Mr. Yakhontoff gives some not only hard but knockout blows to the Woodheadian thesis that the Soviet Union has stolen a large part of that territory from China. Mongolia never has been a genuine part of China, nor did China ever make any real effort to colonize the region as she did Manchuria. The Mongols utilized the 1911 Chinese Revolution to declare their autonomy and there is every reason to believe that such of them as are now citizens of the U.S.S.R. are quite content with this new order of things. On the other hand, the Soviet Union laid itself open to attack when, in 1924, it negotiated a treaty with China without consultation with the Mongols which declared that "the government of the Union of Soviet Socialist Republics recognizes that Outer Mongolia is an integral part of the Republic of China and respects China's sovereignty therein."

But to cite the incorporation of Outer Mongolia into the U. S. S. R. as in any way comparable to Japan's seizure of Manchuria—as Woodhead has done—is to be ridiculous if it were not so pathetic. In the case of Mongolia the interests of the Mongols are paramount, as there are very few Chinese in the territory. In the case of Manchuria Chinese rule up to last September 18 was not merely nominal, but actual, and the overwhelming majority of the population are Chinese who have only recently migrated from China.

Another important and significant section that M. Woodhead should copy from Mr. Yakhontoff is the account of Sino-Soviet relations in connection with the Chinese Eastern Railway. Under the 1924 Treaty the U. S. S. R. renounced all special rights, privileges and concessions except her share in the C. E. R. That this line should remain under joint Sino-Soviet management, Mr. Yakhontoff states, was decided upon on the advice of Dr. Sun Yat-sen who feared that if returned to China "the road would become a prize for Chang Tso-lin and so strengthen his reactionary regime; and, making more difficult the struggle then carried on against him by the Nationalist South, would delay the final victory of the Revolution."

Mr. Yakhontoff is extremely critical of the present Chiang Kai-shek regime in China, and this section of his book will doubtless be resented by official Chinese spokesmen.

Charging that in the counter-revolution of 1927 Chiang Kai-shek set up "an anti-Communist Government to the complete satisfaction of foreigners," Mr. Yakhontoff declares that "the group in power (actually a neo-militaristic formation) dropped the fight for attaining the goal set up by Dr. Sun Yat-sen in his principle of Nationalism and became allied with its opposits—foreign imperialism." In consequence the contest between Chinese Nationalism and foreign imperalism was replaced by a contest between imperialism and Communism with Chiang Kai-shek being "applauded, if not openly supported, by the foreigners" for "his merciless terror against the workers and peasants of China."

Certainly all the major gains of Nationalism, such as Customs Autonomy, rendition of a few concessions, and taking some of the wind out of the sails of "white superiority," were the results of the revolutionary enterprise during the years of 1925, 1926, and 1927. And the few diplomatic achievements since were completely wiped out by Japan's undeclared war that started last September.

Mr. Yakhontoff concludes with the thesis that "the analysis of Russia's interests in the Far East... indicate .... that Russia has on need for further territorial expansion," if for no other reason than her own enormous undeveloped area, "nor is she likely to embark on any armed conquest of new markets." In this connectiion he points out that the Soviet Union is not included in the Nine-Power Treaty, and that despite this treaty "Japan was permitted, during Tanaka's regime, to violate China's sovereignty and integrity on several occasions; and her subsequent withdrawal was forced not by any action of the powers, but by events in China itself."

A much more extensive violation of China's sovereignty has taken place since Mr. Yakhontoff's book was written. So far neither action of the powers nor events in China have forced Japan to modify her policy. Further her present aggression is as potentially menacing to the U. S. S. R. as it is already actually menacing to the continued existence of China as a nation. Wherefore, Mr. Yakhontoff's discussion of the Soviet Union's bid for cooperation with other nations, not only in the Orient but elsewhere, is considerably more significant today than when he wrote it. It should be of particular interest to the United States, which seems more interested than other nations (excepting China) in maintaining the Nine-Power Treaty.

"In other words," as Mr. Yakhontoff says in his final paragraph, "cooperation of Soviet Russia with others in the Far East seems to be feasible, but only a cooperation for the benefit of China and not for her detriment."

W. B.

The Incredible Universe

The Stars in Their Courses, by Sir James Jeans, Cambridge, University Press, 1931.

Who has ever looked up into the night sky without having his imagination suddenly transcend bounds and soar from star to star in quest of a meaning in all the tremendous universe pictured there? And who has not wondered over the age-old questions: How did these bodies in space come into being. Do people live on them? How close is the nearest star? Why is the planet Mars red? What are the "craters" on the moon? Of what wonderfully incandescent material is the sun composed? What is the terrifying secret of the longtailed comets that come suddenly into our vision and are gone?

Only recenty has science, through the astronomer's modern giant telescope, brought to us facts and figures with which to visualize the vast panorama of the heavens. Our childish wonder turns to stupefied amazement at distances, temperatures, dimensions, speeds, that so challenge the intellect that we are forced to turn cowardly back to our myopic survey of the macrocosm in the microcosm that is our own small earth with its pitiful sparks of animal and vegetable life.

Sir James Jeans, the eminent astronomer and author of many books in his line, perhaps answers the "riddle of the universe" as nearly as it is humanly possible in this volume, written in simple non-technical language and designed to present the romance and poetry of High Heaven to the average person. He tells us that the moon is quite decidedly not made of green cheese, nor indeed of good ripe Limburger. It is, in fact, a very undesirable place from any point of view, beautiful only by reflected glory of the sun; so that he who ardently "cries for the moon" would find his desire literally "turned to ashes" because the surface of this satellite of the earth is a dreary waste of volcanic ash. It is of interest to note that this ash is an almost perfect non-conductor of heat like asbestos, so that the heat from the sun makes the extreme outer layer of boiling temperature while half an inch below the surface it is below the freezing point. It was found that the temperature of the moon fell 346 degrees in a few minutes as the earth's shadow crossed it during an eclipse—which would be rather disconcerting to one whose blood temperature must remain at 98.6 degrees, so it would seem perhaps just as well that moon-calf lovers be content with the enchantment lent by distance, and that modern astronomer Endymions forego the pleasure of projected "rocket excursions" to visit their hard mistress, Diana.

The author tells the story of the sun, mother of our solar system, and only another child of a child of unbelievably huge and prolific other suns which are eternally throwing off new worlds in a seething, whirling parturition that leaves the vast mother-body apparently untouched—facts which make our Biblical story of Genesis look trivial and colorless indeed.

The book is packed so full of interesting, breath-taking figures and revelations that every page is a journey into new and wonderful fields. How unrealizable are such figures as these: No fewer than 1,300,000 earths could be packed inside the sun, this tremendous body which is only 93 million miles away (the nearest star, Proxima Centauri, is about 25,000,000 *million* miles away, or 270,000 times as distant as the sun.) Sirius, the brightest object in the whole sky, is half a million times as distant as the sun. Light reaches us in eight minutes from the sun, but takes over eight years to reach us from Sirius. Sirius has twenty-six times the candle power of the sun, and a star, S. Doradus, has candle power well over ten thousand times that of Sirius or over 500,000 that of the sun. It thus pours out as much radiation in a single minute as the sun does in a whole year. The sun is pouring out radiation by destroying its own substance and losing weight at the rate of 4 million tons a second, thus tomorrow it will weigh 350,000 tons less than at the moment you read this page. The loss by radiation of the larger stars is almost incalculable, therefore.

Most fascinating of all, perhaps, about this charming and instructive book, is the explanation of the methods of measuring candle-power, of measuring weight and distances and of determining the nature of the substance of these stellar bodies—processes so puzzling to the laity. The book is also wonderfully well illustrated with pictures of the sun, the moon and other surfaces of various bodies, as well as nebulae, comets and meteors that escape the naked eye.

H. F.

Latest New York Stock Exchange Quotations

Market Steady — Business Done 900,000 Shares

May 18, 1932

1931-1932 High	1931-1932 Low	Div.$ per Sh.	STOCKS	Mon. May.16	Tues. May.17
23½	2	—	Adams Express	2	2⅛
182¾	51½	*6.00	Allied Chemical & Dye	52⅞	52½
42¾	5¾	.50	Allis Chalmers	5¾	5⅞
129¾	36⅝	*4.00	American Can	37⅝	37½
51¾	2⅜	—	Amer. & Foreign Power	3⅛	3¼
31½	1¼	—	Amer. & For. Power W.	1⅞	1⅞
58½	7⅞	—	American Smelting	9¼	9⅛
201¾	95¼	9.00	American Tel. & Tel.	97	95⅞
132¾	63⅞	*5.00	American Tobacco "B"	65	63½
80¾	17	3.00	American Waterworks	17	16½
43¼	4½	—	Anaconda Copper	5	4¾
295½	30¼	*4.00	Auburn Automobiles	33¾	32¾
87⅞	5¼	—	Baltimore & Ohio	5½	6
70⅜	12⅛	—	Bethlehem Steel	12¾	12⅞
76½	27	*3.00	Borg Warner	29	28¾
30¾	4¼	1.00	Canadian Pacific Railway	4¼	4½
45¾	10	1.25	Case J. I.	10⅝	10⅜
131½	19¼	—	Chase Bank	19¼	19¼
102	27½	3.00	Chesapeake Corp.	27½	27
54⅛	6½	3 00	Chrysler	8½	9
25¾	8	1.00	Cities Service, Co.	8⅛	8
20¾	3¾	.30	Columbia Gas & Electric	3¾	3⅞
45⅝	6⅞	1.00	Common wealth &Southern	8¼	8
12	2¼	.30	" " warr.	2⅝	2½
2¾	¼	—	Consolidated Gas. of N.Y.	5/16	⅜
109⅝	46⅞	4.00	Continental Oil	47½	47¼
12	4⅝	—	Corn Products	5	5
86⅝	29⅞	*3.00	Curtiss Wright Co.	33⅛	34⅞
5⅞	⅞	—	Drug Incorporated	1	1
78¾	33¾	4.00	Du Pont de Nemours	33¾	36
107	26⅝	4.00	Eastman Kodak	28⅛	28⅝
185¾	40⅞	5.00	Electric Bond & Share	43	42¼
61	10⅝	6% S	Electric Power & Light	11	11¼
60¾	6	1.00	Fox Film "A"	6½	6½
38⅜	2	—	General Electric	2	2
54¾	13⅛	1 00	General Foods	13⅜	13⅞
56	27⅜	3.00	General Motors	27¾	28⅝
48	10⅛	1.00	General Railway Signal	10⅜	10¼
84⅛	12	3.00	Gillette	11⅞	12
38¾	9¼	1.00	Gold Dust	14	14
42½	11⅜	1.60	Goodrich Rubber	11⅝	12
20⅞	3	—	Goodyear Tire & Rubber	3½	Unq.
52¾	9⅛	—	International Cement	9½	9⅞
62½	7⅛	2.00	International Combu. Eng.	7⅝	Unq.
4	⅛	—	International Harvester	Unq.	⅝
60½	16⅛	1.80	International Nickel	17⅝	17⅜
20⅛	4⅞	—	International Tel. & Tel.	4⅞	5⅛
38¾	4⅝	—	Johns Manville	4⅞	4⅝
80¾	10⅝	—	Kennecott	11	11¼
31½	5½	—	Kreuger & Toll	6⅝	6½
27¾	⅛	1.61	Liggett & Myers, "B"	¼	⅛
91¾	40	*4.00	Loew's: Inc.	47½	48½
63¼	21	*3.00	Lorillard P. Co. (com.)	22¼	22¼
21⅞	10	1.20	Ludlum Steel	13¼	13¼
19	1½	—	Montgomery Ward	3½	3
29¼	6½	—	Nash Motors	6½	6½
108½	30½	3.00	National City Bk. bid price	31	30¼
14¾	2¾	—	Nevada Consolidated Co.	3¼	3¼
132¼	11¼	—	North American Aviation	12	11⅞
90¼	22	10%S	Pacific Gas & Electric	22	22¼
54⅞	25⅛	2.00	Packard Motors	25¼	25
11⅞	2	—	Paramount—Publix. Corp.	2⅛	2⅛
50¼	2⅞	—	Pennsylvania Railroad	2⅞	2⅝
64	9⅞	—	Pennroad Corporation	10¼	9⅞
8½	1½	—	Phillips Petroleum	1½	1⅝
16⅝	2½	—	Public Service of N.Jersey	3¾	3⅞
96	39¾	3.40	Radio Corporation	42⅝	42¾
27½	3¾	—	Radio-Keith Orpheum	3⅞	4
24½	2⅝	—	Reynolds Tobacco "B"	2⅝	2⅝
54½	31⅝	3.00	Sears Roebuck	32	31¾
63¼	15¼	2.50	Shell Union	17½	17⅝
10¼	2½	—	Simmons Company	2⅝	3
23⅜	4⅜	—	Socony-Vacuum Corp.	4¼	4⅛
26½	8	.80	SouthernCaliforniaEdison.	8¼	8⅝
54½	23¼	2.00	Standard Gas & Electric	24	23⅝
88¾	12⅜	3 50	Standard Oil of N. Jersey	13	12½
54½	20¼	*1.00	Texas Corporation	23⅜	23½
26¼	9⅞	1.00	Texas Gulf Sulphur	10⅞	11
55¾	16¼	2.00	Trans America	16⅞	16¾
18	2	—	Union Carbide & Carbon	3¼	3¼
72	17	2.00	Union Pacific Railway	17⅞	17¾
205⅛	43¾	6.00	United Aircraft & Trans.	43¾	42½
38⅞	7¼	—	United Corporation	8⅝	8⅛
31¼	5¼	.40	United Gas Improvement	6	5¾
37½	15	1.20	U.S. Rubber	16½	16⅝
20⅜	3	—	U.S. Steel	3⅛	3
162¾	27	—	Vanadium	27⅝	28⅝
76¾	6⅝	—	Westinghouse E. & M.	6¾	7⅞
20⅜	1¼	—	Woolworth	1½	1¼
107¾	19⅞	1.00		24¼	23⅞
72⅝	28½	2.40		28½	28⅝

*Plus extras — Call Money 2½% 2½%

SWAN, CULBERTSON & FRIZT

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Investment Securities—Local & Foreign

Safe Deposit Facilities

New York stock quotations received daily

Sassoon House Telephones 11200 (4 lines)

The National City Co. Gold Bond Quotations Received From Head Office

May 12, 1932,

SECURITY	RATE & DATE DUE	Price	Approx Yield %
The National City Bank of New York	Stock	34¾	—
Argentine Government	6 % May 1, 1960	43¼	—
U. S. of Brazil	6½% Oct. 15, 1957	18¼	—
Canadian National Railway Co.	6 % Oct. 1, 1969	85½	5.94
Chile Government	6 % Sep. 1, 1961	6¾	—
Republic of Finland	6½% Sep. 1, 1956	49	—
Finnish Gtd. Municipalities "A"	6½% Oct. 1, 1954	39	—
German Central Bank for Agriculture	6 % Apr. 15, 1938	26¼	—
German Central Bank for Agriculture	6 % Oct. 15, 1960	25	—
German General Electric (A.E.G.)	6 % May 1, 1948	29	—
Ilseder Steel Corp.	6 % Aug. 1, 1948	26	—
Kingdom of Italy	7 % Dec. 1, 1951	85¾	8.51
Lautaro Nitrate Co., Ltd.	6 % July 1, 1954	3	—
City of Milan	6½% Apr. 1, 1952	64⅞	10.81
State of Minas Geraes Series "A"	6½% Sep. 1, 1959	12	—
Republic of Peru	6 % Oct. 1, 1961	4	—
Rhine Westphalia Electric Power Corp.	6 % Apr. 1, 1955	24½	—
State of Sao Paulo (Brazil)	7 % Oct. 1, 1940	60	—
Saxon Public Works	6½% May 1, 1951	18	—
American I.G. Chemical Corporation	5½% May 1, 1949	60	10.64
Chicago, Milwaukee, St. Paul & Pacific	5 % Jan. 1, 2000	4¾	—
Chile Copper Co.	5 % Jan. 1, 1947	31	—
Goodyear Tire & Rubber	5 % May 1, 1957	65	8.36
International Match Corporation	5 % Jan. 15, 1941	1⅛	—
The Mead Corp. w.w.	6 % May 1, 1945	40	—
National Steel Corp.	5 % Apr. 1, 1956	68	8.02
Japanese Government	6½% Feb. 1, 1954	68⅜	10.10
Japanese Government	5½% May 1, 1965	57½	9.87
QUOTATIONS RECEIVED FROM LONDON OFFICE			
Republic of China Gold Loan	5 % 1925	59	—
Chinese Govt. Re-org. (£) Loan Stamped	5 % 1913/60	58½	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 % 1913/60	56½	—
Chinese Government (Crisp Loan)	5 % 1912	35½	—
Shanghai-NankingRailway	5 % 1904/08	28½	—
Shanghai - Hangchow-Ningpo Railway	5 % 1908/58	59½	—
Hukuang Railway	5 % 1911/1951	17	—
Tientsin-PukowRailway	5 % 1908/09	12	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

King Fang Photo Co., Ltd.

597 Rue du Consulat

(French Concession)

TELEPHONE 85889

SHANGHAI

司公相照夜日術美芳鏡

七九五東橋仙八路馬館公

九八八五八話電

Exchange Circular for the week ending Wednesday, 11th May, 1932.

The agreement for cessation of hostilities and gradual withdrawal of Japanese troops was signed this week. Hopes are now entertained for resumption of trade, but we are unable to report, so far, any signs of movement. Business has been particularly slack. Another major tragedy has taken place in the assassination of Mons. Doumer the President of the French Republic.

Silver and Exchange rates have moved within narrow limits: The London/New York Cross rate opened at 3.67½ on the 5th inst. and is today 3.68. The Japan Cross rate has risen from 32.25 to 33.62 and this morning is 32.75.

Silver:—On the 5th inst. was 16⅝d. cash and 16¾d. forward, and U.S. $ 0.27⅛ and today is 17d. and 17 1/16d. and U.S. $ 0.27¾.

India has been a small buyer: China has both bought and sold: market quiet with no special feature.

Exchange:—The official T/T rate on London on the 5th inst. was 1/7½d: raised on the 10th inst. to 1/7⅝d: and this morning unchanged.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver Tls. 69,778,000 an increase of Tls. 877,000
Chinese and Mexican Dollars $ 228,580,000 an increase of $ 3,450,000
Estimated value Tls. 234,355,000 as against Tls. 204,463,000 held at this time last year

†	Average rates for April	Thursday May 5	Friday May 6	Saturday May 7	Monday May 9	Tuesday May 10	Wed. May 11
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/Ton London	1/7.648	1/7½	1/7½	1/7½	1/7½	1/7⅝	1/7⅝
D/Dfts „	—	1/7½	1/7½	1/7½	1/7½	1/7⅝	1/7⅝
4 m/s „	—	1/7 9/16	1/7 9/16	1/7 9/16	1/7 9/16	1/7 11/16	1/7 11/16
T/T on India	109.971	108½	108½	108½	108½	109	109
T/T on France	786.731	756	755	755	756	763	762
T/T on N. Y.	30.985	29⅞	29⅞	29⅞	29⅞	30⅛	30
T/TonDemand		29¾	29¾	29¾	29¾	30⅛	30
T/T on Hamburg(R.M.)		125	125¼	125¼	125¼	126¼	126
T/T onH'kong	75.981	76¾ nom	77⅛nom	77⅛ nom	77⅛ nom	77 nom	77 nom
T/T on Japan	106.312	112½nom	111 nom	109½ nom	109 nom	109 nom	109 nom
T/TonBatavia	76.584	73½	73½	73½	73½	74½	74½
T/T on Straits	140.729	142¾	143	143	143	142	142
Bk's buying rates							
4 m/s B/L. Cred, &D/A	1/8.820						
4m/s B/LD/P	828.538						
6m/s „ B/L Cred & D/A	—						
4 m/s B/F Cred D/A or D/P							
4m/s N.Y. Lc.	34.354						
4m/s „ Docs.	—						

†Based on Daily Official quotation, higher rate taken on risingMarket, lower when falling.	May 5	May 6	May 7	May 9	May 10	May 11
Bullion.						
*London Price of Bar Silver per oz. (English Standard925touch) Pence						
**New York Price of Bar Silver per oz. (Pure)	16⅜	16 11/16	16 9/16	16 11/16	16⅞	17
Shanghai Price ofGold Bars (weight Tls. 10 (Chauping 978 touch)	G.$.27⅛ Tls.	G.$.27¼ Tls.	G.$.27¼ Tls.	G.$.27⅜ Tls.	G.$.27⅜ Tls.	G.$.27¾ Tls.
Shanghai Silver Bars (weight Tls.100 (Canton) 999 touch) Nominal	738.70 Tls.	737.50 Tls.	727.10 Tls.	729.70 Tls.	732.00 Tls.	729.10 Tls.
Shanghai Mexican Dollars per $100	112.60 Tls.	112.00 Tls.	112.00 Tls.	112.60 Tls.	112.60 Tls.	112.5 Tls.
Native Bank Rate of Interest (Call money)	70.5	70.5	70.3	70.2½	70.4½	70.3½
*Closing Price in London for Previous day						
**Closing Price in N. Y. for Previous day						

Bank of England rate of discount	3 %	London on Paris	T/T 93.22
Bank of France rate of discount	2½%	New York on London	T/T 867¾
London open Market rate of Dis.	3m/s. 1 1/4%	Bombay on London	T/T 1/5 29/32
„ „	4m/s. 1 1/16%	Hongkong on London	T/T 1/3
„ „	6m/s. 1⅜%	Kobe on London	T/T 1/9½

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